


| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING | | | | | | FORM 3 AMENDED REPORT <input type="checkbox"/> | | | | |
|--|------------------|-------------|--|---------|---|--|----------------------------|-------|-------|--------|
| APPLICATION FOR PERMIT TO DRILL | | | | | | 1. WELL NAME and NUMBER BONANZA 1023-18H1BS | | | | |
| 2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/> | | | | | | 3. FIELD OR WILDCAT NATURAL BUTTES | | | | |
| 4. TYPE OF WELL Gas Well <input type="checkbox"/> Coalbed Methane Well: NO <input type="checkbox"/> | | | | | | 5. UNIT or COMMUNITIZATION AGREEMENT NAME PONDEROSA | | | | |
| 6. NAME OF OPERATOR KERR-MCGEE OIL & GAS ONSHORE, L.P. | | | | | | 7. OPERATOR PHONE 720 929-6515 | | | | |
| 8. ADDRESS OF OPERATOR P.O. Box 173779, Denver, CO, 80217 | | | | | | 9. OPERATOR E-MAIL julie.jacobson@anadarko.com | | | | |
| 10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU38421 | | | 11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> | | | 12. SURFACE OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> | | | | |
| 13. NAME OF SURFACE OWNER (if box 12 = 'fee') | | | | | | 14. SURFACE OWNER PHONE (if box 12 = 'fee') | | | | |
| 15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') | | | | | | 16. SURFACE OWNER E-MAIL (if box 12 = 'fee') | | | | |
| 17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN') | | | 18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/> | | | 19. SLANT VERTICAL <input type="checkbox"/> DIRECTIONAL <input checked="" type="checkbox"/> HORIZONTAL <input type="checkbox"/> | | | | |
| 20. LOCATION OF WELL | FOOTAGES | | QTR-QTR | SECTION | TOWNSHIP | RANGE | MERIDIAN | | | |
| LOCATION AT SURFACE | 133 FNL 390 FEL | | NENE | 18 | 10.0 S | 23.0 E | S | | | |
| Top of Uppermost Producing Zone | 1480 FNL 495 FEL | | SENE | 18 | 10.0 S | 23.0 E | S | | | |
| At Total Depth | 1480 FNL 495 FEL | | SENE | 18 | 10.0 S | 23.0 E | S | | | |
| 21. COUNTY UINTAH | | | 22. DISTANCE TO NEAREST LEASE LINE (Feet) 495 | | 23. NUMBER OF ACRES IN DRILLING UNIT 637 | | | | | |
| | | | 25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 841 | | 26. PROPOSED DEPTH MD: 8480 TVD: 8234 | | | | | |
| 27. ELEVATION - GROUND LEVEL 5342 | | | 28. BOND NUMBER WYB000291 | | 29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE 43-8496 | | | | | |
| Hole, Casing, and Cement Information | | | | | | | | | | |
| String | Hole Size | Casing Size | Length | Weight | Grade & Thread | Max Mud Wt. | Cement | Sacks | Yield | Weight |
| Surf | 11 | 8.625 | 0 - 2210 | 28.0 | J-55 LT&C | 0.2 | Type V | 180 | 1.15 | 15.8 |
| | | | | | | | Class G | 270 | 1.15 | 15.8 |
| Prod | 7.875 | 4.5 | 0 - 8480 | 11.6 | I-80 LT&C | 12.5 | Premium Lite High Strength | 280 | 3.38 | 12.0 |
| | | | | | | | 50/50 Poz | 1180 | 1.31 | 14.3 |
| ATTACHMENTS | | | | | | | | | | |
| VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES | | | | | | | | | | |
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | | | | | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN | | | | | |
| <input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE) | | | | | <input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER | | | | | |
| <input checked="" type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED) | | | | | <input checked="" type="checkbox"/> TOPOGRAPHICAL MAP | | | | | |
| NAME Danielle Piernot | | | TITLE Regulatory Analyst | | | PHONE 720 929-6156 | | | | |
| SIGNATURE | | | DATE 08/27/2012 | | | EMAIL danielle.piernot@anadarko.com | | | | |
| API NUMBER ASSIGNED 43047530350000 | | | APPROVAL  Permit Manager | | | | | | | |

Kerr-McGee Oil & Gas Onshore. L.P.**BONANZA 1023-18H1BS**

Surface: 133 FNL / 390 FEL NENE
BHL: 1480 FNL / 495 FEL SENE

Section 18 T10S R23E

Uintah County, Utah
Mineral Lease: UTU-38421

ONSHORE ORDER NO. 1**DRILLING PROGRAM**

1. & 2. **Estimated Tops of Important Geologic Markers:**
Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

| <u>Formation</u> | <u>Depth</u> | <u>Resource</u> |
|------------------|--------------|-----------------|
| Uinta | 0 - Surface | |
| Green River | 979' | |
| Birds Nest | 1,283' | Water |
| Mahogany | 1,761' | Water |
| Wasatch | 4,013' | Gas |
| Mesaverde | 6,025' | Gas |
| Sego | 8,234' | Gas |
| TVD | 8,234' | |
| TD | 8,480' | |

3. **Pressure Control Equipment** (Schematic Attached)

Please refer to the attached Drilling Program

4. **Proposed Casing & Cementing Program:**

Please refer to the attached Drilling Program

5. **Drilling Fluids Program:**

Please refer to the attached Drilling Program

6. **Evaluation Program:**

Please refer to the attached Drilling Program

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7. Abnormal Conditions:

Maximum anticipated bottom hole pressure calculated at 8234' TVD, approximately equals
5,270 psi 0.64 psi/ft = actual bottomhole gradient

Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD

Maximum anticipated surface pressure equals approximately 3,447 psi (bottom hole pressure
minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot, per Onshore Order No. 2).

Per Onshore Order No. 2 - Max Anticipated Surf. Press. (MASP) = (Pore Pressure at next csg point -
(0.22 psi/ft-partial evac gradient x TVD of next csg point))

8. Anticipated Starting Dates:

Drilling is planned to commence immediately upon approval of this application.

9. Variances:

Please refer to the attached Drilling Program.
Onshore Order #2 – Air Drilling Variance

Kerr-McGee Oil & Gas Onshore LP (KMG) respectfully requests a variance to several requirements associated with air drilling outlined in Onshore Order 2

- Blowout Prevention Equipment (BOPE) requirements;
- Mud program requirements; and
- Special drilling operation (surface equipment placement) requirements associated with air drilling.

This Standard Operating Practices addendum provides supporting information as to why KMG current air drilling practices for constructing the surface casing hole should be granted a variance to Onshore Order 2 air drilling requirements.

The reader should note that the air rig is used only to construct a stable surface casing hole through a historically difficult lost circulation zone. A conventional rotary rig follows the air rig, and is used to drill and construct the majority of the wellbore.

More notable, KMG has used the air rig layout and procedures outlined below to drill the surface casing hole in approximately 675 wells without incident of blow out or loss of life.

Background

In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet. The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.

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Before the surface air rig is mobilized, a rathole rig is utilized to set and cement conductor pipe through a competent surface formation. Generally, the conductor is set at 40 feet. In some cases, conductor may be set deeper in areas that the surface formation is not found competent. This rig also drills the rat and mouse holes in preparation for the surface casing and production string drilling operations.

The air rig is then mobilized to drill the surface casing hole by drilling a 12 1/4 inch hole for the first 200 feet, then will drill a 11 inch hole to just above the Bird's Nest interval with an air hammer. The hammer is then tripped and replaced with a 11 inch tri-cone bit. The tri-cone bit is used to drill to the surface casing point, approximately 500 feet below the loss circulation zone (Bird's Nest). The 8-5/8 inch surface casing is then run and cemented in place, thereby isolating the lost circulation zone.

KMG fully appreciates Onshore Order 2 well control and safety requirements associated with a typical air drilling operations. However, the requirements of Onshore Order 2 are excessive with respect to the air rig layout and drilling operation procedures that are currently in practice to drill and control the surface casing hole in KMG Fields.

Variance for BOPE Requirements

The air rig operation utilizes a properly lubricated and maintained air bowl diverter system which diverts the drilling returns to a six-inch blooie line. The air bowl is the only piece of BOPE equipment which is installed during drilling operations and is sufficient to contain the air returns associated with this drilling operation. As was discussed earlier, the drilling of the surface hole does not encounter any over pressured or productive zones, and as a result standard BOPE equipment should not be required. In addition, standard drilling practices do not support the use of BOPE on 40 feet of conductor pipe.

Variance for Mud Material Requirements

Onshore Order 2 also states that sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring adequate well control. Once again, the surface hole drilling operations does not encounter over pressured or productive intervals, and as a result there is not a need to control pressure in the surface hole with a mud system. Instead of mud, the air rigs utilize water from the reserve pit for well control, if necessary. A skid pump which is located near the reserve pit (see attachment) will supply the water to the well bore.

Variance for Special Drilling Operation (surface equipment placement) Requirements

Onshore Order 2 requires specific safety distances or setbacks for the placement of associated standard air drilling equipment, wellbore, and reserve pits. The air rigs used to drill the surface holes are not typical of an air rig used to drill a producing hole in other parts of the US. These are smaller in nature and designed to fit a KMG location. The typical air rig layout for drilling surface hole in the field is attached.

Typically the blooie line discharge point is required to be 100 feet from the well bore. In the case of a KMG well, the reserve pit is only 45 feet from the rig and is used for the drill cuttings. The blooie line, which transports the drill cuttings from the well to the reserve pit, subsequently discharges only 45 feet from the well bore.

Typically the air rig compressors are required to be located in the opposite direction from the blooie line and a minimum of 100 feet from the well bore. At the KMG locations, the air rig compressors are approximately 40 feet from the well bore and approximately 60 feet from the blooie line discharge due to the unique air rig design. The air compressors (see attachment) are located on the rig (1250 cfm) and

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on a standby trailer (1170 cfm). A booster sits between the two compressors and boosts the output from 350 psi to 2000 psi. The design does put the booster and standby compressor opposite from the blooie line.

Lastly, Onshore Order 2 addresses the need for an automatic igniter or continuous pilot light on the blooie line. The air rig does not utilize an igniter as the surface hole drilling operation does not encounter productive formations.

Variance for FIT Requirements

KMG also respectfully requests a variance to Onshore Order 2, Section III, Part Bi, for the pressure integrity test (PIT, also known as a formation integrity test (FIT)). This well is not an exploratory well and is being drilled in an area where the formation integrity is well known. Additionally, when an FIT is run with the mud weight as required, the casing shoe frequently breaks down and causes subsequent lost circulation when drilling the entire depth of the well.

Conclusion

The air rig operating procedures and the attached air rig layout have effectively maintained well control while drilling the surface holes in KMG Fields. KMG respectfully requests a variance from Onshore Order 2 with respect to air drilling well control requirements as discussed above.

10. Other Information:

Please refer to the attached Drilling Program.

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| | | | | | | | | |
|-------------------|---|-----------|------------|---------------|-------|----------------|--------------------|---------------|
| COMPANY NAME | KERR-McGEE OIL & GAS ONSHORE LP | | | | DATE | April 16, 2012 | | |
| WELL NAME | BONANZA 1023-18H1BS | | | | TD | 8,234' | TVD | 8,480' MD |
| FIELD | <u>Natural Buttes</u> | | COUNTY | <u>Uintah</u> | STATE | <u>Utah</u> | FINISHED ELEVATION | <u>5,342'</u> |
| SURFACE LOCATION | NENE | 133 FNL | 390 FEL | Sec 18 | T 10S | R 23E | | |
| | Latitude: | 39.955849 | Longitude: | -109.361493 | | NAD 83 | | |
| BTM HOLE LOCATION | SENE | 1480 FNL | 495 FEL | Sec 18 | T 10S | R 23E | | |
| | Latitude: | 39.952154 | Longitude: | -109.361887 | | NAD 83 | | |
| OBJECTIVE ZONE(S) | Wasatch/Mesaverde | | | | | | | |
| ADDITIONAL INFO | Regulatory Agencies: BLM (Minerals), BLM (Surface), UDOGM Tri-County Health Dept. | | | | | | | |

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KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

| | SIZE | INTERVAL | WT. | GR. | CPLG. | DESIGN FACTORS | | | |
|------------|--------|-----------------|-------|-------|-------|----------------|----------|---------|---------|
| | | | | | | LTC | | DQX | |
| | | | | | | BURST | COLLAPSE | | TENSION |
| CONDUCTOR | 14" | 0-40' | | | | 3,390 | 1,880 | 348,000 | N/A |
| SURFACE | 8-5/8" | 0 to 2,210 | 28.00 | IJ-55 | LTC | 2.45 | 1.82 | 6.42 | N/A |
| | | | | | | 7,780 | 6,350 | 223,000 | 267,035 |
| PRODUCTION | 4-1/2" | 0 to 5,000 | 11.60 | I-80 | DQX | 1.11 | 1.19 | | 3.36 |
| | 4-1/2" | 5,000 to 8,480' | 11.60 | I-80 | LTC | 1.11 | 1.19 | 6.83 | |

Surface Casing:

(Burst Assumptions: TD = 12.5 ppg) 0.73 psi/ft = frac gradient @ surface shoe
 Fracture at surface shoe with 0.1 psi/ft gas gradient above
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoys.Fact. of water)

Production casing:

(Burst Assumptions: Pressure test with 8.4ppg @ 7000 psi) 0.64 psi/ft = bottomhole gradient
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoys.Fact. of water)

CEMENT PROGRAM

| | | FT. OF FILL | DESCRIPTION | SACKS | EXCESS | WEIGHT | | YIELD |
|------------|----------------------|--|---|---------|--------|--------|--|-------|
| SURFACE | LEAD | 500' | Premium cmt + 2% CaCl + 0.25 pps flocele | 180 | 60% | 15.80 | | 1.15 |
| Option 1 | TOP OUT CMT (6 jobs) | 1,200' | 20 gals sodium silicate + Premium cmt + 2% CaCl + 0.25 pps flocele | 270 | 0% | 15.80 | | 1.15 |
| SURFACE | | NOTE: If well will circulate water to surface, option 2 will be utilized | | | | | | |
| Option 2 | LEAD | 1,710' | 65/35 Poz + 6% Gel + 10 pps gilsonite + 0.25 pps Flocele + 3% salt BWOW | 160 | 35% | 11.00 | | 3.82 |
| | TAIL | 500' | Premium cmt + 2% CaCl + 0.25 pps flocele | 150 | 35% | 15.80 | | 1.15 |
| | TOP OUT CMT | as required | Premium cmt + 2% CaCl | as req. | | 15.80 | | 1.15 |
| PRODUCTION | LEAD | 3,510' | Premium Lite II + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender | 280 | 35% | 12.00 | | 3.38 |
| | TAIL | 4,970' | 50/50 Poz/G + 10% salt + 2% gel + 0.1% R-3 | 1,180 | 35% | 14.30 | | 1.31 |

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

| | |
|------------|---|
| SURFACE | Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe |
| PRODUCTION | Float shoe, 1 jt, float collar. 15 centralizers for a Mesaverde and 20 for a Blackhawk well. 1 centralizer on the first 3 joints and one every third joint thereafter. |

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip. Maintain safety valve and inside BOP on rig floor at all times. Most rigs have top drives; however, if used, the Kelly is to be equipped with upper and lower kelly valves.

Surveys will be taken at 1,000' minimum intervals.

Most rigs have PVT System for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Nick Spence / Danny Showers / Chad Loesel

DATE: _____

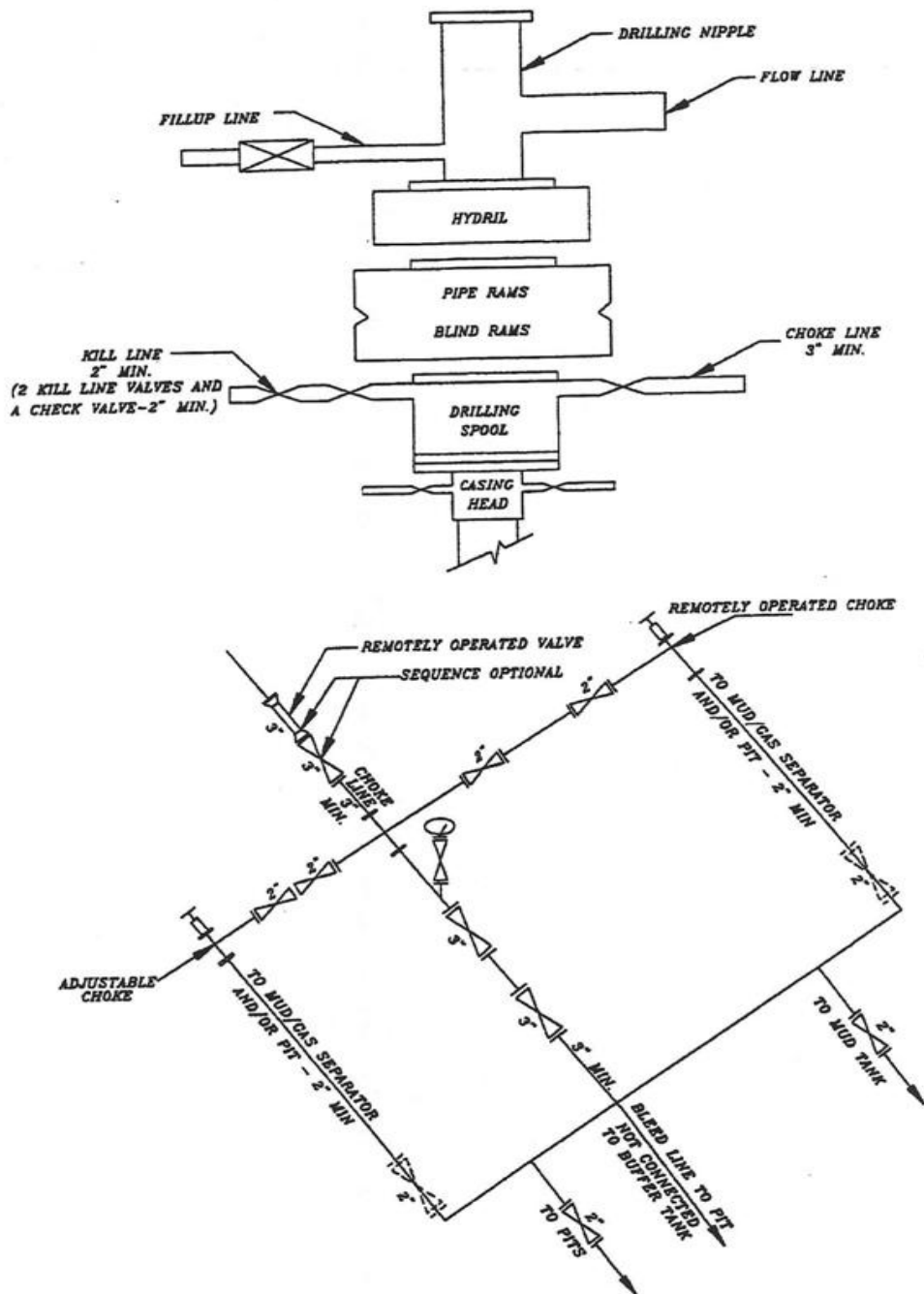
DRILLING SUPERINTENDENT:

Kenny Gathings / Lovel Young

DATE: _____

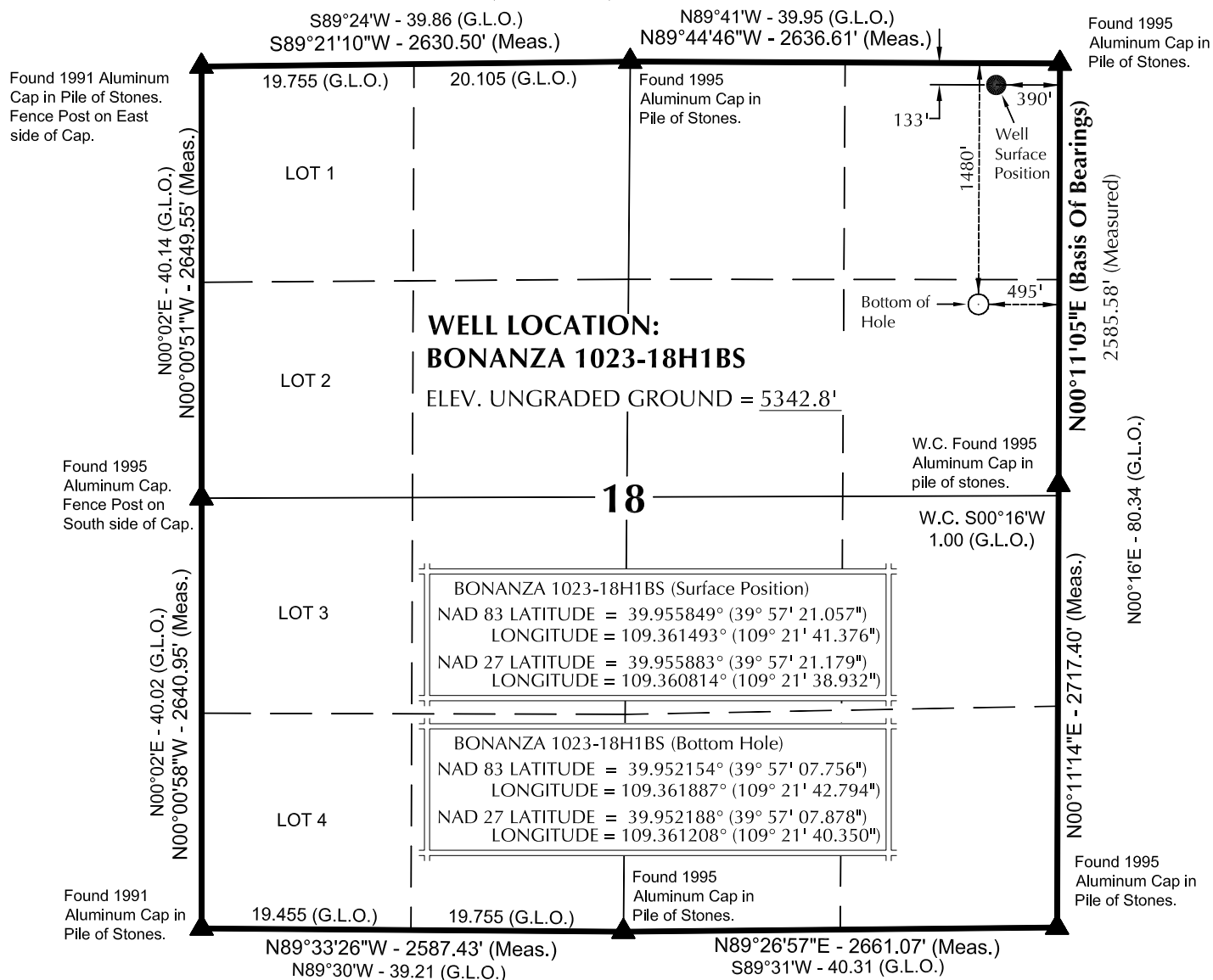
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EXHIBIT A BONANZA 1023-18H1BS



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

T10S, R23E, S.L.B.&M.



NOTES:

- ▲ = Section Corners Located
1. Well footages are measured at right angles to the Section Lines.
 2. G.L.O. distances are shown in feet or chains.
1 chain = 66 feet.
 3. The Bottom of hole bears S04°37'30"W 1350.78' from the Surface Position.
 4. Bearings are based on Global Positioning Satellite observations.
 5. Basis of elevation is Tri-Sta "Two Water" located in the NW $\frac{1}{4}$ of Section 1, T10S, R21E, S.L.B.&M. The elevation of this Tri-Sta is shown on the Big Pack Mtn NE 7.5 Min. Quadrangle as being 5238'.

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street - Denver, Colorado 80202

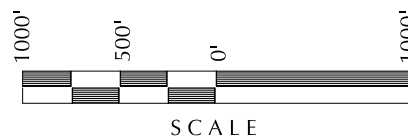
WELL PAD: BONANZA 1023-18A

BONANZA 1023-18H1BS
WELL PLAT

1480' FNL, 495' FEL (Bottom Hole)
SE $\frac{1}{4}$ NE $\frac{1}{4}$ OF SECTION 18, T10S, R23E,
S.L.B.&M., UINTAH COUNTY, UTAH.



CONSULTING, LLC
2155 North Main Street
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182



SURVEYOR'S CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED
FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR
UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE
AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

11-22-11
No. 6028691
JOHN R
SLAUGHTER
PROFESSIONAL LAND SURVEYOR
REGISTRATION No. 6028691
STATE OF UTAH

TIMBERLINE

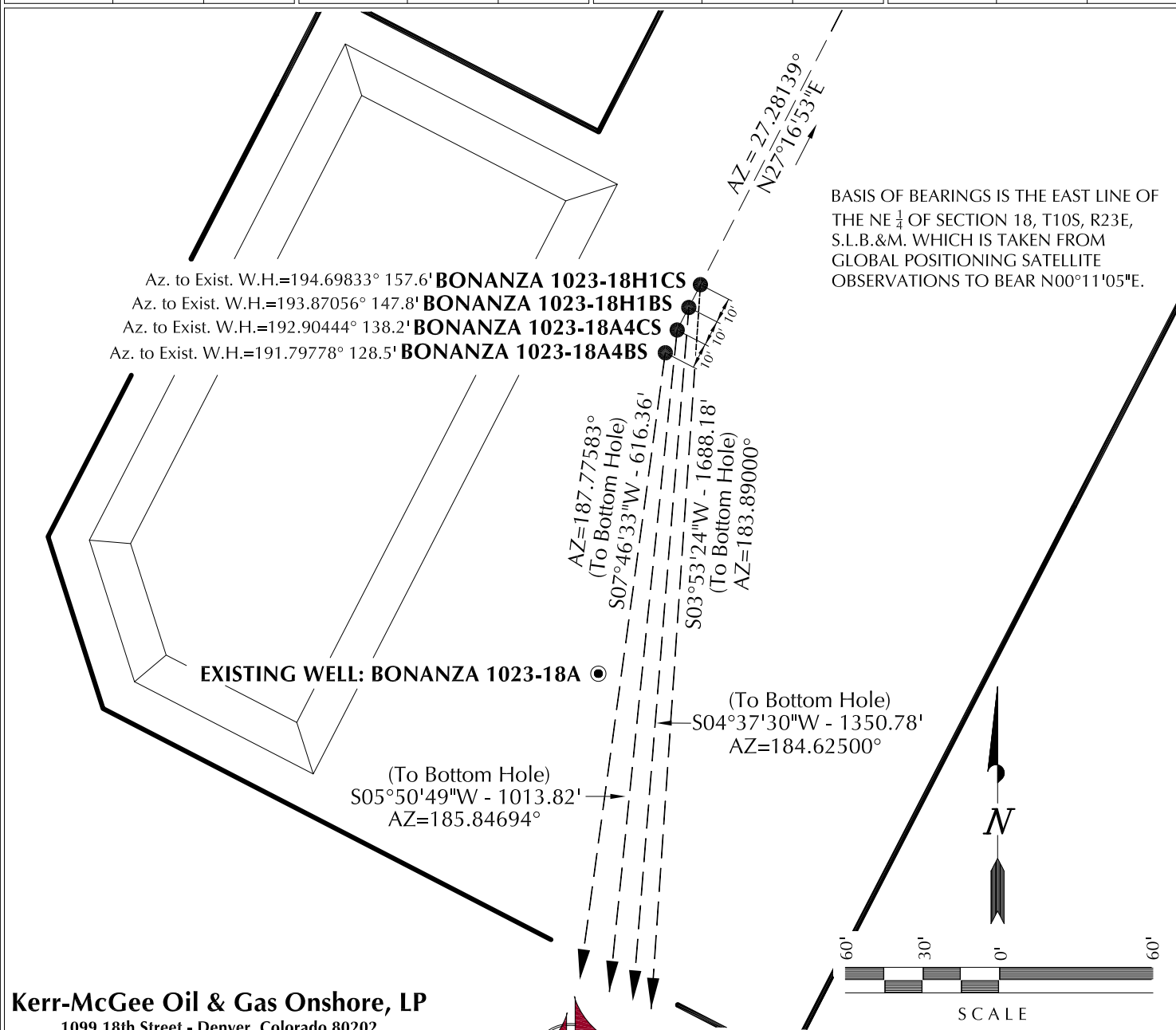
ENGINEERING & LAND SURVEYING, INC.
209 NORTH 300 WEST - VERNAL, UTAH 84078

| | | |
|-------------------|--------------------|--|
| SURVEYED: 11 | SURVEYED BY: W.W. | SHEET NO: <div style="font-size: 2em; font-weight: bold; text-align: center;">3</div> 3 OF 16 |
| DRAWN: 11 | DRAWN BY: J.G.C. | |
| SCALE: 1" = 1000' | Date Last Revised: | |

| WELL NAME | SURFACE POSITION | | | | | BOTTOM HOLE | | | | |
|---------------------|------------------|----------------|---------------|----------------|----------|---------------|----------------|---------------|----------------|-----------|
| | NAD83 | | NAD27 | | FOOTAGES | NAD83 | | NAD27 | | FOOTAGES |
| | LATITUDE | LONGITUDE | LATITUDE | LONGITUDE | | LATITUDE | LONGITUDE | LATITUDE | LONGITUDE | |
| BONANZA 1023-18A4BS | 39°57'20.881" | 109°21'41.495" | 39°57'21.003" | 109°21'39.050" | 151' FNL | 39°57'14.849" | 109°21'42.574" | 39°57'14.971" | 109°21'40.130" | 762' FNL |
| BONANZA 1023-18A4CS | 39.955800° | 109.361526° | 39.955834° | 109.360847° | 400' FEL | 39.954125° | 109.361826° | 39.954159° | 109.361147° | 481' FEL |
| BONANZA 1023-18H1BS | 39°57'20.969" | 109°21'41.435" | 39°57'21.091" | 109°21'38.991" | 142' FNL | 39°57'11.006" | 109°21'42.776" | 39°57'11.128" | 109°21'40.332" | 1151' FNL |
| BONANZA 1023-18H1CS | 39.955825° | 109.361510° | 39.955859° | 109.360831° | 395' FEL | 39.953057° | 109.361882° | 39.953091° | 109.361203° | 495' FEL |
| BONANZA 1023-18A4BS | 39°57'21.057" | 109°21'41.376" | 39°57'21.179" | 109°21'38.932" | 133' FNL | 39°57'07.756" | 109°21'42.794" | 39°57'07.878" | 109°21'40.350" | 1480' FNL |
| BONANZA 1023-18H1BS | 39.955849° | 109.361493° | 39.955883° | 109.360814° | 390' FEL | 39.952154° | 109.361887° | 39.952188° | 109.361208° | 495' FEL |
| BONANZA 1023-18H1CS | 39°57'21.145" | 109°21'41.318" | 39°57'21.267" | 109°21'38.873" | 124' FNL | 39°57'04.505" | 109°21'42.813" | 39°57'04.627" | 109°21'40.369" | 1809' FNL |
| BONANZA 1023-18A4BS | 39.955873° | 109.361477° | 39.955907° | 109.360798° | 386' FEL | 39.951251° | 109.361892° | 39.951285° | 109.361213° | 495' FEL |
| BONANZA 1023-18A | 39°57'19.639" | 109°21'41.833" | 39°57'19.761" | 109°21'39.389" | 277' FNL | | | | | |
| BONANZA 1023-18A | 39.955455° | 109.361620° | 39.955489° | 109.360941° | 425' FEL | | | | | |

RELATIVE COORDINATES - From Surface Position to Bottom Hole

| WELL NAME | NORTH | EAST | WELL NAME | NORTH | EAST | WELL NAME | NORTH | EAST | WELL NAME | NORTH | EAST |
|---------------------|---------|--------|---------------------|----------|---------|---------------------|----------|---------|---------------------|----------|---------|
| BONANZA 1023-18A4BS | -610.7' | -83.4' | BONANZA 1023-18A4CS | -1008.5' | -103.3' | BONANZA 1023-18H1BS | -1346.4' | -108.9' | BONANZA 1023-18H1CS | -1684.3' | -114.5' |



Kerr-McGee Oil & Gas Onshore, LP
 1099 18th Street - Denver, Colorado 80202

WELL PAD - BONANZA 1023-18A

WELL PAD INTERFERENCE PLAT
 WELLS - BONANZA 1023-18A4BS,
 BONANZA 1023-18A4CS,
 BONANZA 1023-18H1BS &
 BONANZA 1023-18H1CS
 LOCATED IN SECTION 18, T10S, R23E,
 S.L.B.&M., UTAH COUNTY, UTAH.



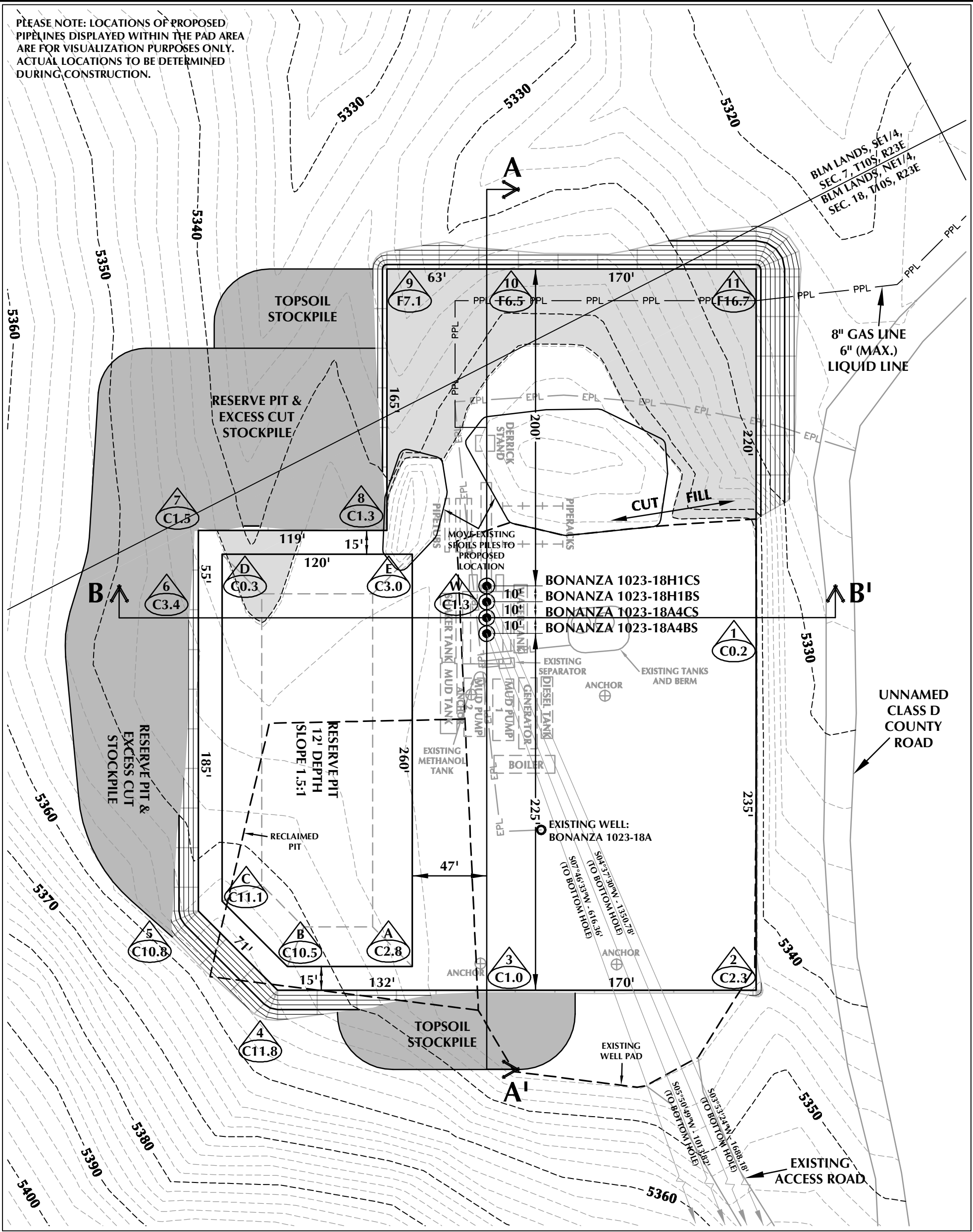
CONSULTING, LLC
 2155 North Main Street
 Sheridan WY 82801
 Phone 307-674-0609
 Fax 307-674-0182

TIMBERLINE

(435) 789-1365

ENGINEERING & LAND SURVEYING, INC.
 209 NORTH 300 WEST - VERNAL, UTAH 84078

| | | |
|----------------------------|--------------------|----------------------------------|
| DATE SURVEYED: 10-18-11 | SURVEYED BY: W.W. | SHEET NO: 5 5 OF 16 |
| DATE DRAWN: 11-07-11 | DRAWN BY: J.G.C. | |
| SCALE: 1" = 60' | Date Last Revised: | |



| WELL PAD - BONANZA 1023-18A DESIGN SUMMARY | | | WELL PAD LEGEND | |
|--|--|--|--|--|
| <p>EXISTING GRADE @ CENTER OF WELL PAD = 5343.2'</p> <p>FINISHED GRADE ELEVATION = 5341.9'</p> <p>CUT SLOPES = 1.5:1</p> <p>FILL SLOPES = 1.5:1</p> <p>TOTAL WELL PAD AREA = 3.54 ACRES</p> <p>TOTAL DISTURBANCE AREA = 4.62 ACRES</p> <p>SHRINKAGE FACTOR = 1.10</p> <p>SWELL FACTOR = 1.00</p> <p>Kerr-McGee Oil & Gas Onshore, LP</p> <p>1099 18th Street - Denver, Colorado 80202</p> | | | <p> EXISTING WELL LOCATION</p> <p> PROPOSED WELL LOCATION</p> <p> PROPOSED BOTTOM HOLE LOCATION</p> <p> EXISTING CONTOURS (2' INTERVAL)</p> <p> PROPOSED CONTOURS (2' INTERVAL)</p> <p> PPL</p> <p> EPL</p> <p></p> <p> 0 30' 60' 1" = 60'</p> <p>2' CONTOURS</p> | |
| <p>WELL PAD - BONANZA 1023-18A</p> <p>WELL PAD - LOCATION LAYOUT</p> <p>BONANZA 1023-18A4BS,</p> <p>BONANZA 1023-18H1BS &</p> <p>BONANZA 1023-18H1CS</p> <p>LOCATED IN SECTION 18, T10S, R23E,</p> <p>S.L.B.&M., UTAH COUNTY, UTAH</p> | | | <p>WELL PAD QUANTITIES</p> <p>TOTAL CUT FOR WELL PAD = 9,654 C.Y.</p> <p>TOTAL FILL FOR WELL PAD = 8,064 C.Y.</p> <p>TOPSOIL @ 6" DEPTH = 1,862 C.Y.</p> <p>EXCESS MATERIAL = 1,590 C.Y.</p> <p>RESERVE PIT QUANTITIES</p> <p>TOTAL CUT FOR RESERVE PIT</p> <p>+/- 10,730 C.Y.</p> <p>RESERVE PIT CAPACITY (2' OF FREEBOARD)</p> <p>+/- 41,190 BARRELS</p> | |
| <p></p> <p>CONSULTING, LLC</p> <p>2155 North Main Street</p> <p>Sheridan, WY 82801</p> <p>Phone 307-674-0609</p> <p>Fax 307-674-0182</p> | | | <p>TIMBERLINE (435) 789-1365</p> <p>ENGINEERING & LAND SURVEYING, INC.</p> <p>209 NORTH 300 WEST - VERNAL, UTAH 84078</p> | |
| <p>SCALE: 1"=60'</p> <p>DATE: 11/22/11</p> <p>APF 1/25/12</p> <p>REVISD:</p> | | | <p>SHEET NO:</p> <p>6</p> <p>6 OF 16</p> | |

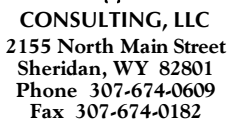
PLEASE NOTE: LOCATIONS OF PROPOSED PIPELINES DISPLAYED WITHIN THE PAD AREA ARE FOR VISUALIZATION PURPOSES ONLY. ACTUAL LOCATIONS TO BE DETERMINED DURING CONSTRUCTION.

The site plan illustrates various features including:

- Pipelines:** 8" GAS LINE, 6" (MAX.) LIQUID LINE, and numerous PPL (Proposed Pipeline) lines.
- Stockpiles:** TOPSOIL STOCKPILE, RESERVE PIT & EXCESS CUT STOCKPILE.
- Pits:** COMPLETIONS PIT (CUTTINGS AREA), RECLAIMED PIT.
- Equipment:** DERICK STAND, PIPERACKS, MOVED EXISTING SHOOTS PILES TO PROPOSED LOCATION, CLOSED LOOP EQUIPMENT, MUD TANK, GENERATOR, BOILER, DIESEL TANK, EXISTING SEPARATOR, ANCHOR, EXISTING TANKS AND BERM, EXISTING METHANOL TANK, EXISTING WELL PAD.
- Wells:** BONANZA 1023-18H1CS, BONANZA 1023-18H1BS, BONANZA 1023-18A4CS, BONANZA 1023-18A4BS, EXISTING WELL: BONANZA 1023-18A.
- Other Features:** UNNAMED CLASS D COUNTY ROAD, EXISTING ACCESS ROAD, BLM LANDS, SEC. 7, T10S, R23E, SEC. 18, T10S, R23E.

The plan also includes contour lines (e.g., 5330, 5340, 5350, 5360, 5370, 5380, 5390, 5400) and various dimensions (e.g., 170', 200', 220', 235', 260', 185', 132', 15', 71', 67', 119', 100', 55', 165', 63', 170').

TOTAL CUT FOR COMPLETIONS PIT
+/- 8,580 C.Y.
COMPLETIONS PIT CAPACITY
(2' OF FREEBOARD)
+/- 32,670 BARRELS



(435) 789-1365

WELL PAD LEGEND



EXISTING WELL LOCATION
PROPOSED WELL LOCATION
PROPOSED BOTTOM HOLE LOCATION
EXISTING CONTOURS (2' INTERVAL)
PROPOSED CONTOURS (2' INTERVAL)
PROPOSED PIPELINE
EXISTING PIPELINE



HORIZONTAL 0 30' 60' 1" = 60'

2' CONTOURS

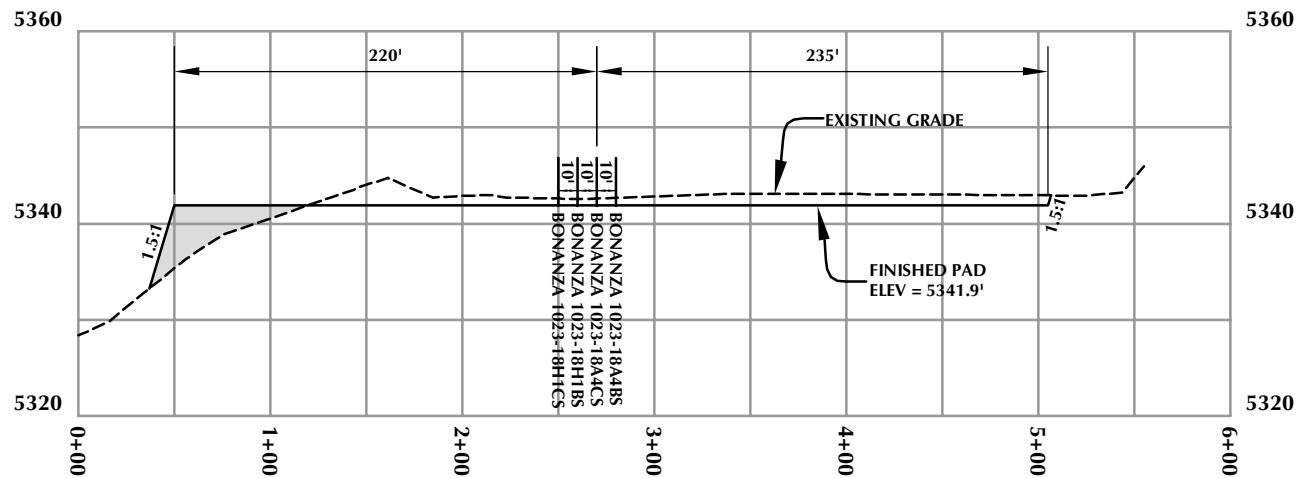
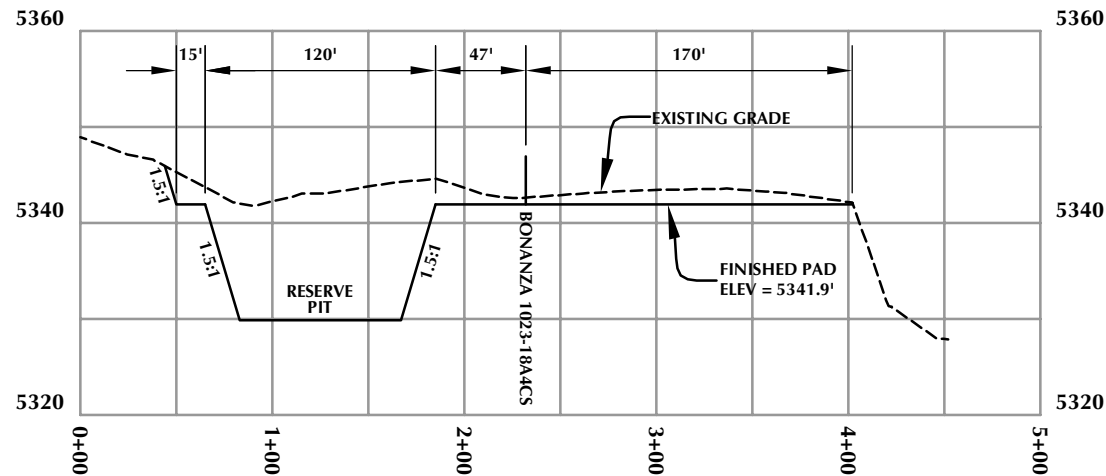
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| SCALE: 1"=60' | DATE: 1/25/12 | SHEET NO: |
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SHEET NO:

6B 6B OF 16

RECEIVED: July 30, 2012

**CROSS SECTION A-A'****CROSS SECTION B-B'**

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street - Denver, Colorado 80202

WELL PAD - BONANZA 1023-18A

WELL PAD - CROSS SECTIONS
BONANZA 1023-18A4BS,
BONANZA 1023-18A4CS,
BONANZA 1023-18H1BS &
BONANZA 1023-18H1CS
LOCATED IN SECTION 18, T10S, R23E,
S.L.B.&M., UTAH COUNTY, UTAH



CONSULTING, LLC
2155 North Main Street
Sheridan, WY 82801
Phone 307-674-0609
Fax 307-674-0182

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ENGINEERING & LAND SURVEYING, INC.
209 NORTH 300 WEST - VERNAL, UTAH 84078

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HORIZONTAL 0 50' 100' 1" = 100'
VERTICAL 0 10' 20' 1" = 20'

Scale: 1"=100'

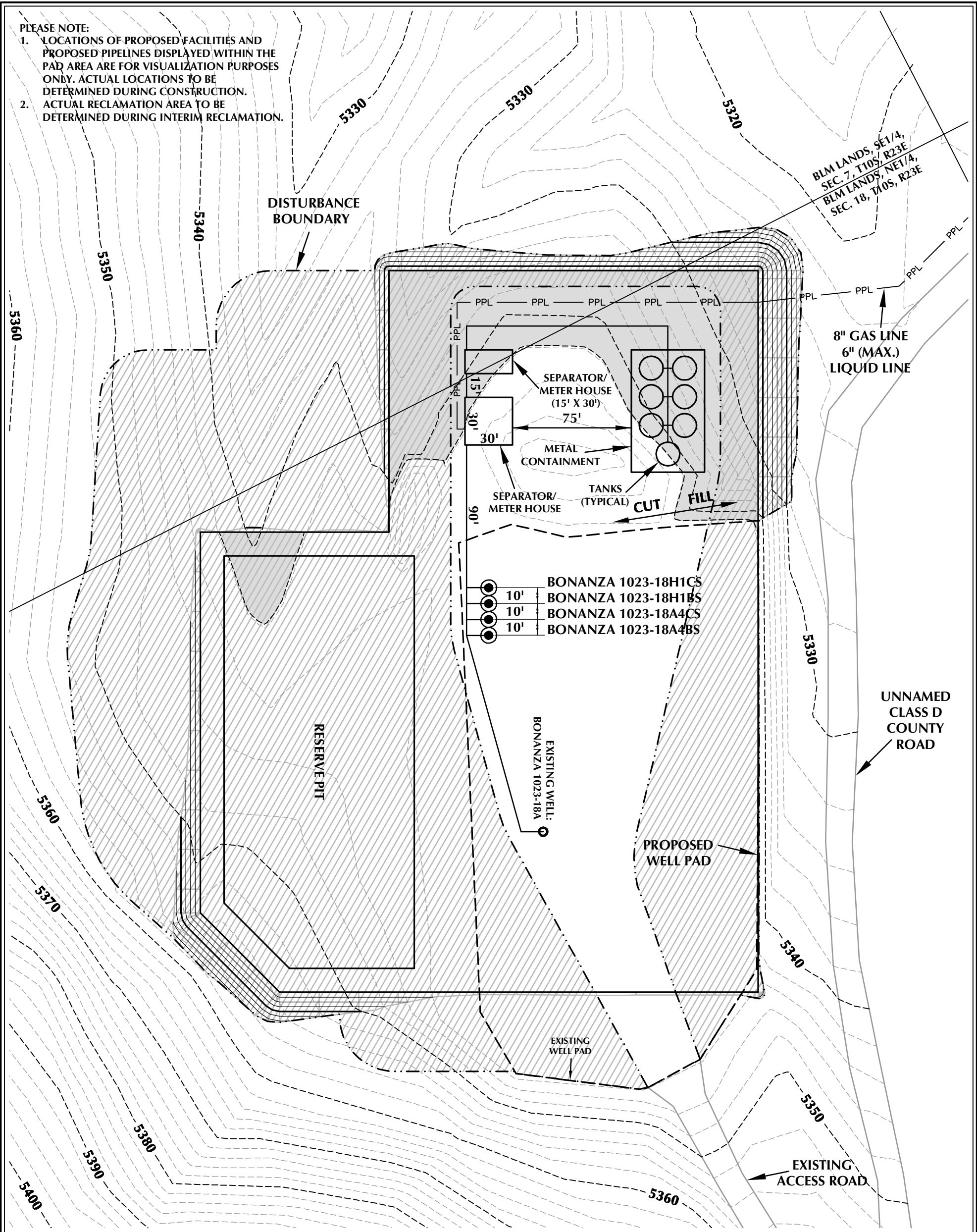
Date: 11/22/11

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RECEIVED: July 30, 2012



WELL PAD - BONANZA 1023-18A DESIGN SUMMARY

TOTAL DISTURBANCE AREA = 4.73 ACRES (INCLUDING EXISTING)
RECLAMATION AREA = 3.37 ACRES
TOTAL WELL PAD AREA AFTER RECLAMATION = 1.36 ACRES

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street - Denver, Colorado 80202

WELL PAD - BONANZA 1023-18A

WELL PAD - RECLAMATION LAYOUT
BONANZA 1023-18A4BS,
BONANZA 1023-18H1BS &
BONANZA 1023-18H1CS
LOCATED IN SECTION 18, T10S, R23E,
S.L.B.&M., UINTAH COUNTY, UTAH



CONSULTING, LLC
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WELL PAD LEGEND

- EXISTING WELL LOCATION
- PROPOSED WELL LOCATION
- PROPOSED BOTTOM HOLE LOCATION
- EXISTING CONTOURS (2' INTERVAL)
- PROPOSED CONTOURS (2' INTERVAL)
- PPL PROPOSED PIPELINE
- EPL EXISTING PIPELINE
- RECLAMATION AREA



HORIZONTAL 0 30' 60' 1" = 60'
2' CONTOURS

SCALE: 1"=60' DATE: 1/25/12 SHEET NO:

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RECEIVED: July 30, 2012

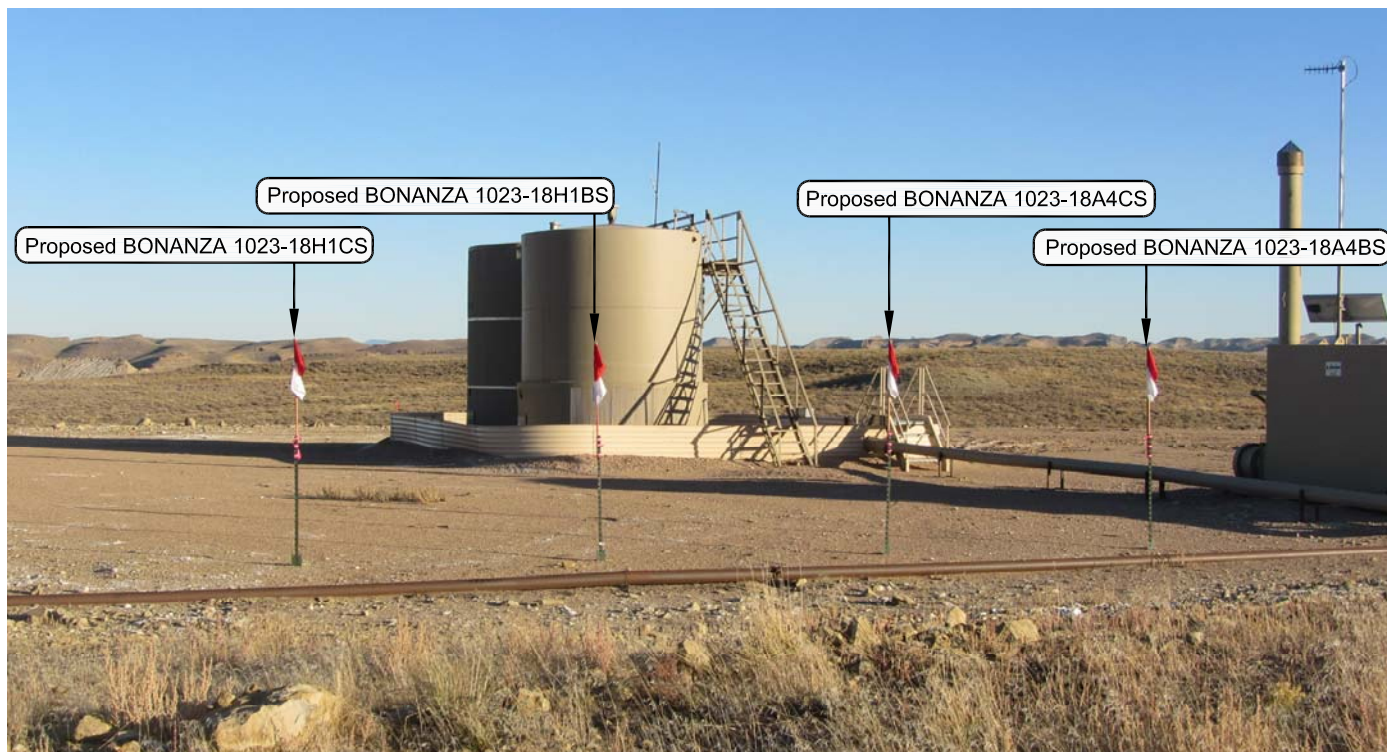


PHOTO VIEW: FROM PIT CORNER E TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY



PHOTO VIEW: FROM EXISTING ACCESS ROAD

CAMERA ANGLE: NORTHERLY

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street - Denver, Colorado 80202

WELL PAD - BONANZA 1023-18A

LOCATION PHOTOS
BONANZA 1023-18A4BS,
BONANZA 1023-18A4CS,
BONANZA 1023-18H1BS &
BONANZA 1023-18H1CS
LOCATED IN SECTION 18, T10S, R23E,
S.L.B.&M., UINAH COUNTY, UTAH.



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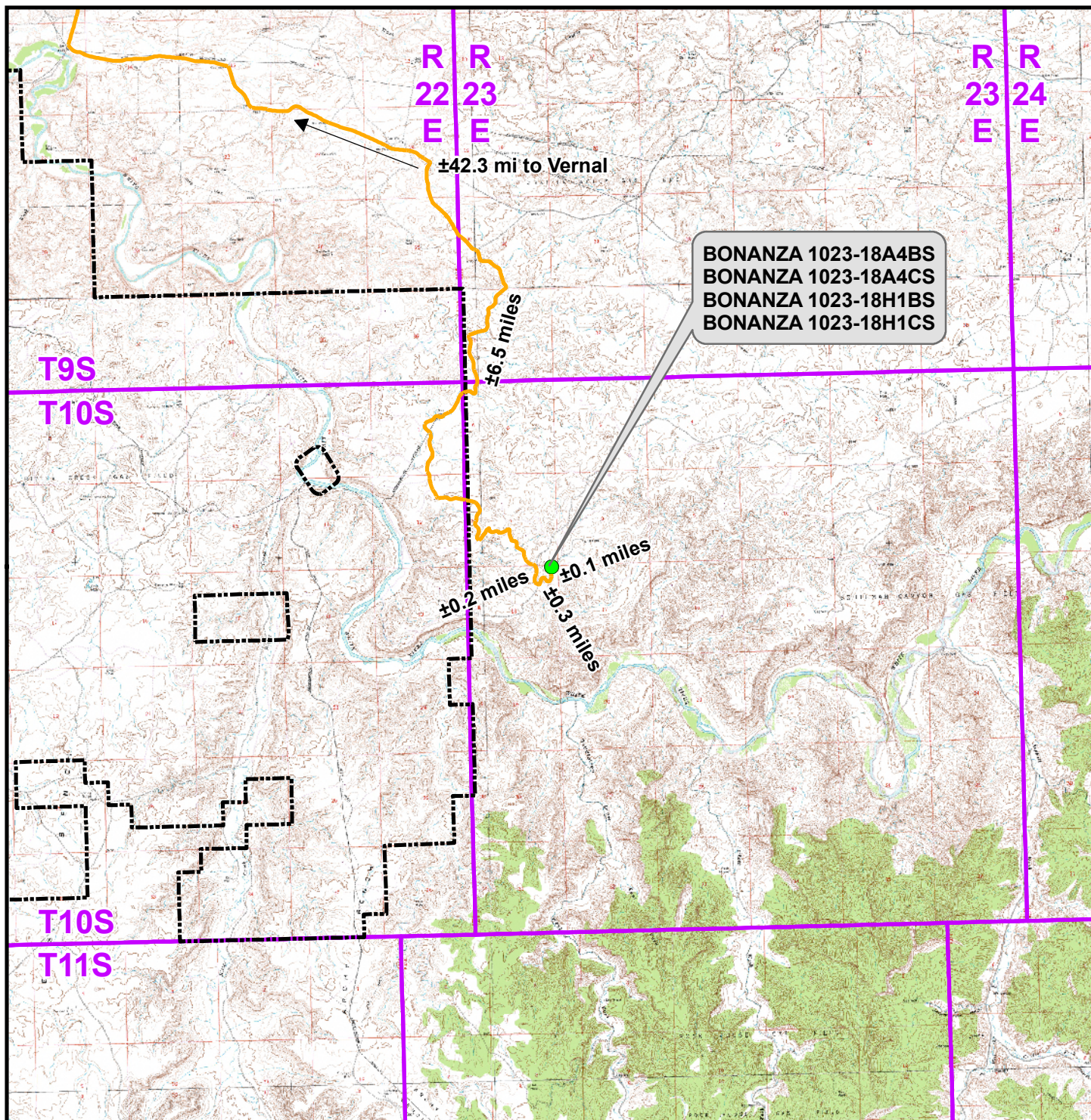
TIMBERLINE

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ENGINEERING & LAND SURVEYING, INC.
209 NORTH 300 WEST - VERNAL, UTAH 84078

| | | |
|--------------------------------|-----------------------|--------------------------------------|
| DATE PHOTOS TAKEN: 10-18-11 | PHOTOS TAKEN BY: W.W. | SHEET NO: 9 9 OF 16 |
| DATE DRAWN: 11-07-11 | DRAWN BY: J.G.C. | |
| Date Last Revised: | | |

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**Legend**Distance From Well Pad - BONANZA 1023-18A To Unit Boundary: $\pm 4,866$ ft

- Proposed Well Location Natural Buttes Unit Boundary
— Access Route - Proposed

WELL PAD - BONANZA 1023-18A

TOPO A
 BONANZA 1023-18A4BS,
 BONANZA 1023-18A4CS,
 BONANZA 1023-18H1BS &
 BONANZA 1023-18H1CS
 LOCATED IN SECTION 18, T10S, R23E,
 S.L.B.&M., UINTAH COUNTY, UTAH

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 Fax 307-674-0182



SCALE: 1:100,000

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DRAWN: TL

DATE: 22 Nov 2011

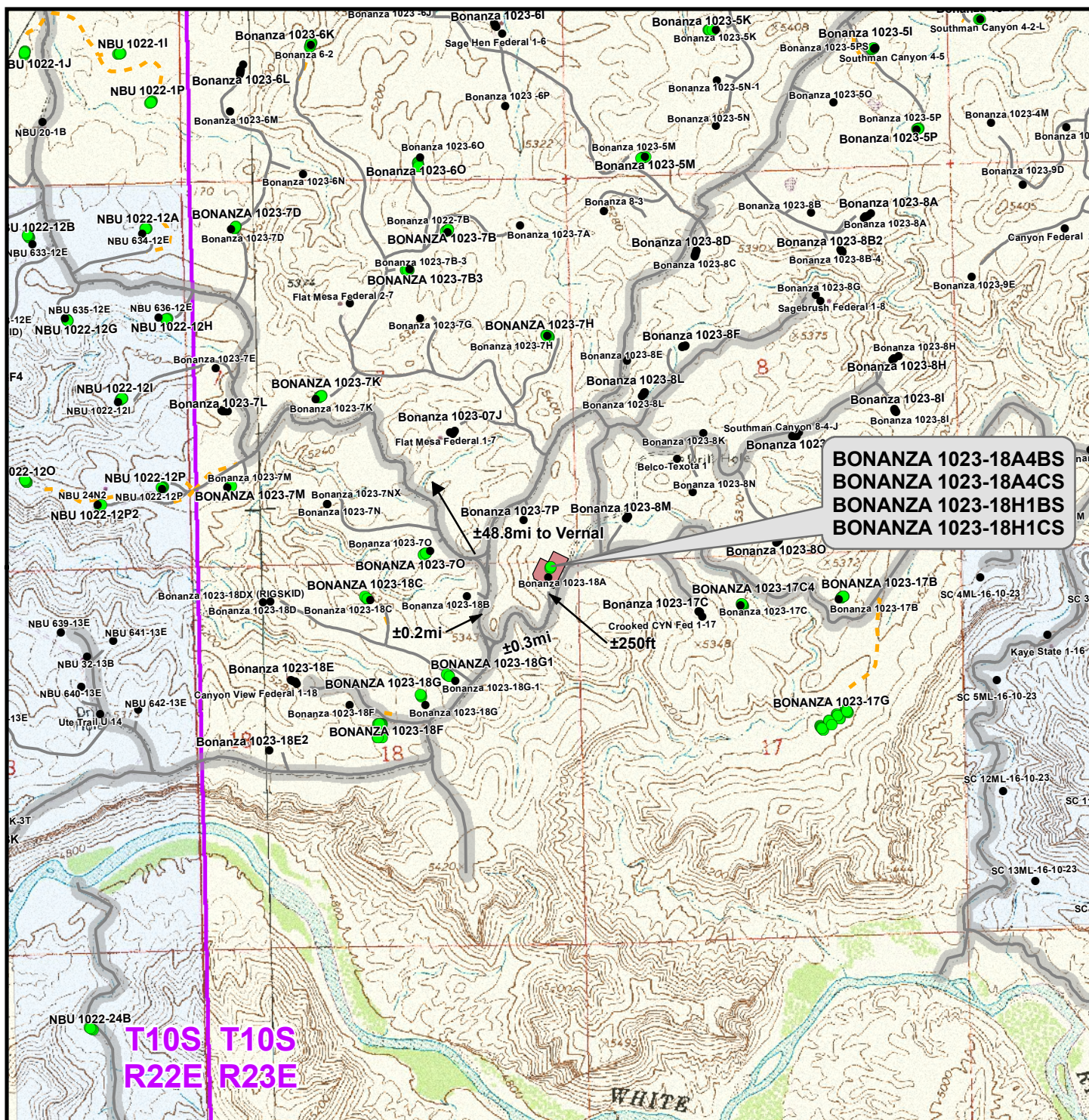
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DATE:

10 OF 16

RECEIVED: July 30, 2012

**Legend**

- | | | | | | |
|-------------------|------------|-----------------------|---------------|-----------------------------|-----------|
| ● Well - Proposed | ■ Well Pad | - - - Road - Proposed | — County Road | ■ Bureau of Land Management | ■ State |
| ● Well - Existing | | — Road - Existing | | ■ Indian Reservation | □ Private |

Total Proposed Road Length: ±0ft

WELL PAD - BONANZA 1023-18A

TOPO B
 BONANZA 1023-18A4BS,
 BONANZA 1023-18A4CS,
 BONANZA 1023-18H1BS &
 BONANZA 1023-18H1CS
 LOCATED IN SECTION 18, T10S, R23E,
 S.L.B.&M., UINTAH COUNTY, UTAH

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 Gas Onshore L.P.**

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 Denver, Colorado 80202

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 Fax 307-674-0182



SCALE: 1" = 2,000ft

DRAWN: TL

REVISED: TL

NAD83 USP Central

DATE: 22 Nov 2011

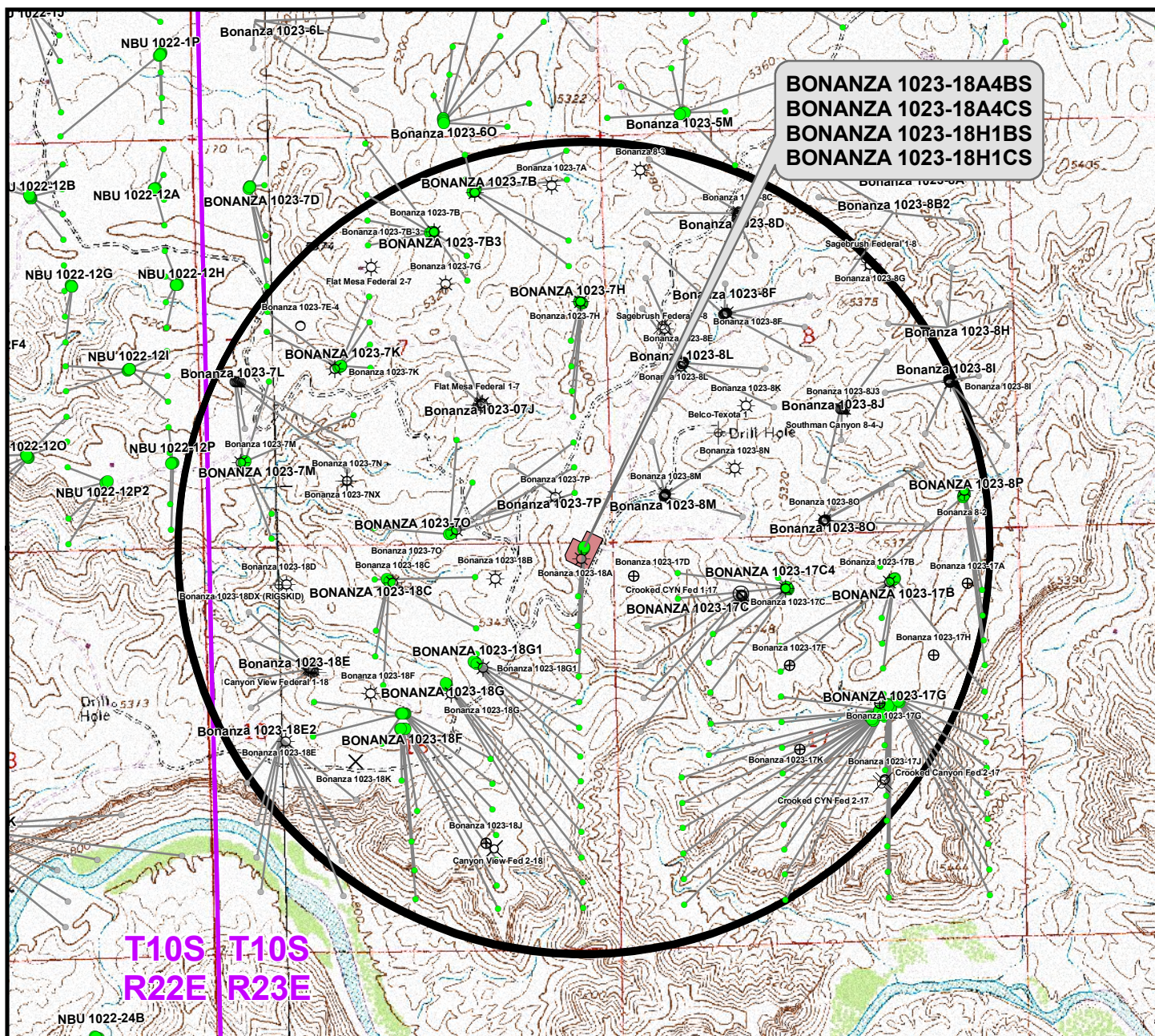
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SHEET NO:

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Well locations derived from Utah Division of Oil, Gas and Mining (UDOGM) (oilgas.ogm.utah.gov). The estimated distances from proposed bore locations to the nearest existing bore locations are based on UDOGM data.

| Proposed Well | Nearest Well Bore | Footage |
|---------------------|-----------------------|---------|
| BONANZA 1023-18A4BS | Bonanza 1023-18A | 488ft |
| BONANZA 1023-18A4CS | Bonanza 1023-18A | 877ft |
| BONANZA 1023-18H1BS | Bonanza 1023-17E2S BH | 841ft |
| BONANZA 1023-18H1CS | Bonanza 1023-17E2S BH | 824ft |

Legend

- Well - Proposed
- Bottom Hole - Proposed
- Bottom Hole - Existing
- Well Path
- Well Pad
- Well - 1 Mile Radius
- ☀ Producing
- ☺ Spudded
- APD Approved
- ⊗ Preliminary Location
- ⊕ Deferred
- ✕ Cancelled
- Temporarily Abandoned
- ☀ Active Injector
- ⊕ Plugged & Abandoned
- ⊗ Location Abandoned
- ⊗ Shut-In

WELL PAD - BONANZA 1023-18A

TOPO C
BONANZA 1023-18A4BS,
BONANZA 1023-18A4CS,
BONANZA 1023-18H1BS &
BONANZA 1023-18H1CS
LOCATED IN SECTION 18, T10S, R23E,
S.L.B.&M., Uintah County, Utah

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SCALE: 1" = 2,000ft

DRAWN: TL

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NAD83 USP Central

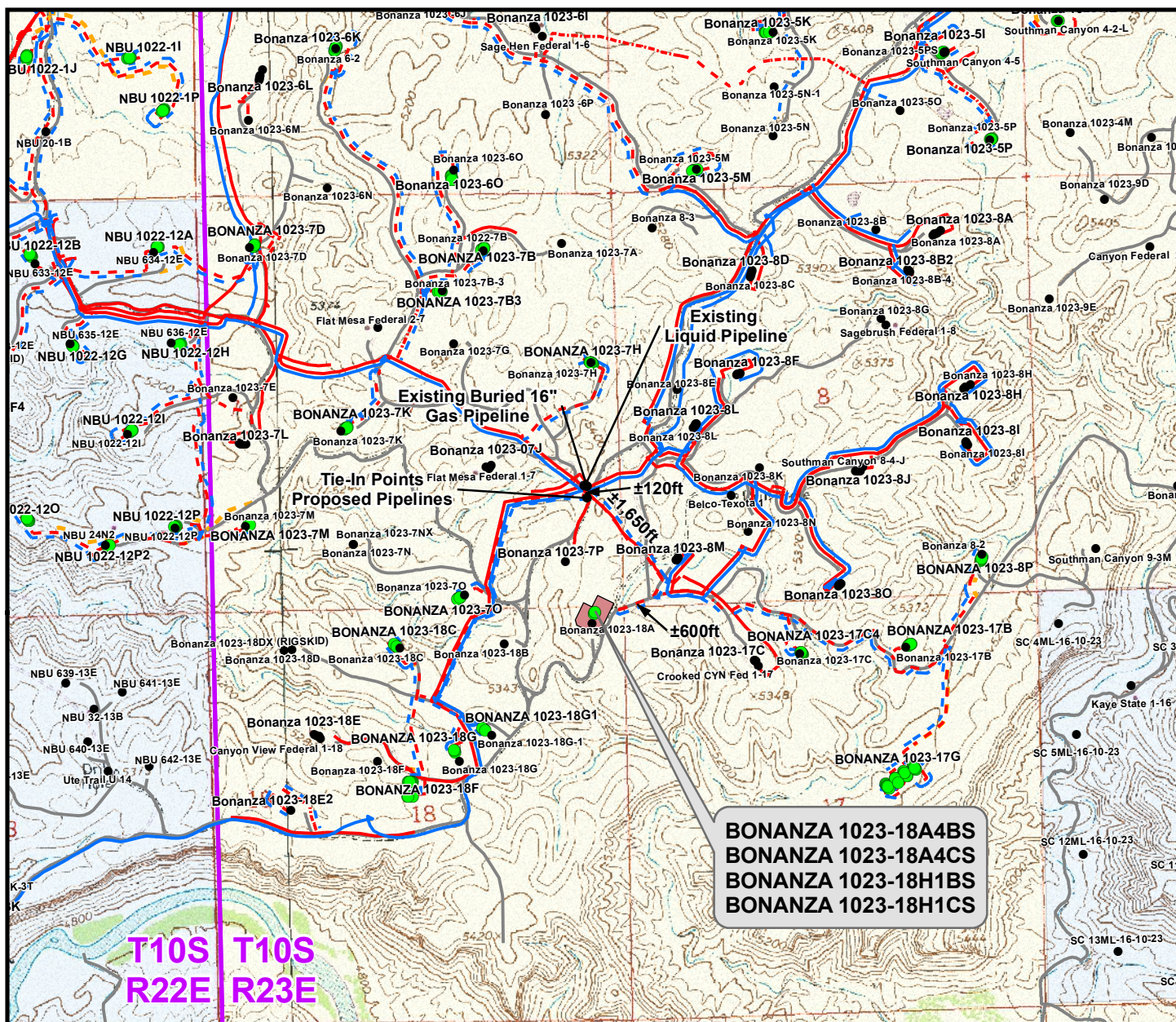
DATE: 25 Jan 2012

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SHEET NO:

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| Proposed Liquid Pipeline | Length |
|--|-----------------|
| Buried 6" (Max.) (Meter House to Edge of Pad) | ±275ft |
| Buried 6" (Max.) (Edge of Pad to 17C Intersection) | ±600ft |
| Buried 6" (Max.) (17C Intersection to 70 Intersection) | ±1,650ft |
| TOTAL PROPOSED BURIED LIQUID PIPELINE = | ±2,525ft |

| Proposed Gas Pipeline | Length |
|--|-----------------|
| Buried 8" (Meter House to Edge of Pad) | ±275ft |
| Buried 8" (Edge of Pad to 17C Intersection) | ±600ft |
| Buried 16" (17C Intersection to 70 Intersection) | ±1,650ft |
| TOTAL PROPOSED BURIED GAS PIPELINE = | ±2,525ft |

Legend

| | | | | | |
|-------------------|-------------------------------------|----------------------------------|-----------------------|-----------------------------|-----------|
| ● Well - Proposed | - - - Gas Pipeline - Proposed | - - - Liquid Pipeline - Proposed | - - - Road - Proposed | ■ Bureau of Land Management | ■ State |
| ● Well - Existing | - - - Gas Pipeline - To Be Upgraded | - - - Liquid Pipeline - Existing | - - - Road - Existing | ■ Indian Reservation | ■ Private |
| ■ Well Pad | - - - Gas Pipeline - Existing | | | | |

WELL PAD - BONANZA 1023-18A

TOPO D
BONANZA 1023-18A4BS,
BONANZA 1023-18A4CS,
BONANZA 1023-18H1BS &
BONANZA 1023-18H1CS
LOCATED IN SECTION 18, T10S, R23E,
S.L.B.&M., Uintah County, Utah

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Denver, Colorado 80202



CONSULTING, LLC
2155 North Main Street
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Fax 307-674-0182

SCALE: 1" = 2,000ft

DRAWN: TL

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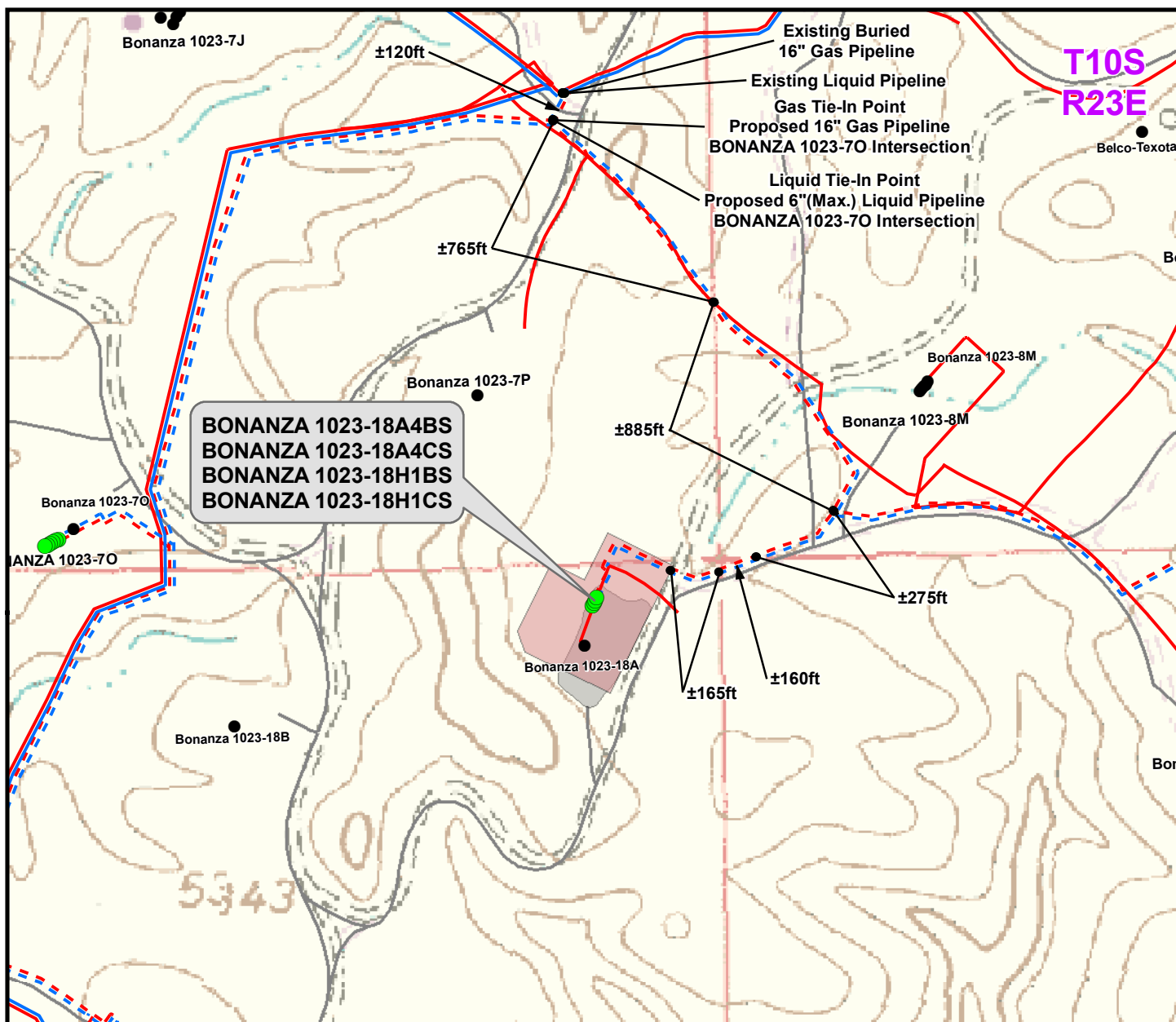
DATE: 25 Jan 2012

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SHEET NO:

13

13 OF 16



| Proposed Liquid Pipeline | Length |
|--|-----------------|
| Buried 6" (Max.) (Meter House to Edge of Pad) | ±275ft |
| Buried 6" (Max.) (Edge of Pad to 17C Intersection) | ±600ft |
| Buried 6" (Max.) (17C Intersection to 70 Intersection) | ±1,650ft |
| TOTAL PROPOSED BURIED LIQUID PIPELINE = | ±2,525ft |

| Proposed Gas Pipeline | Length |
|--|-----------------|
| Buried 8" (Meter House to Edge of Pad) | ±275ft |
| Buried 8" (Edge of Pad to 17C Intersection) | ±600ft |
| Buried 16" (17C Intersection to 70 Intersection) | ±1,650ft |
| TOTAL PROPOSED BURIED GAS PIPELINE = | ±2,525ft |

Legend

| | | | | | |
|-------------------|---------------------|-------------------------------|----------------------------|-----------------|---------------------------|
| ● Well - Proposed | Well Pad - Proposed | Gas Pipeline - Proposed | Liquid Pipeline - Proposed | Road - Proposed | Bureau of Land Management |
| ● Well - Existing | Well Pad - Existing | Gas Pipeline - To Be Upgraded | Liquid Pipeline - Existing | Road - Existing | Indian Reservation |
| | | Gas Pipeline - Existing | | | State |
| | | | | | Private |

WELL PAD - BONANZA 1023-18A

TOPO D2 (PAD & PIPELINE DETAIL)
 BONANZA 1023-18A4BS,
 BONANZA 1023-18A4CS,
 BONANZA 1023-18H1BS &
 BONANZA 1023-18H1CS
 LOCATED IN SECTION 18, T10S, R23E,
 S.L.B.&M., UTAH COUNTY, UTAH

**Kerr-McGee Oil &
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 Denver, Colorado 80202



CONSULTING, LLC

2155 North Main Street
 Sheridan, Wyoming 82801
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 Fax 307-674-0182

SCALE: 1" = 500ft

DRAWN: TL

REVISED: TL

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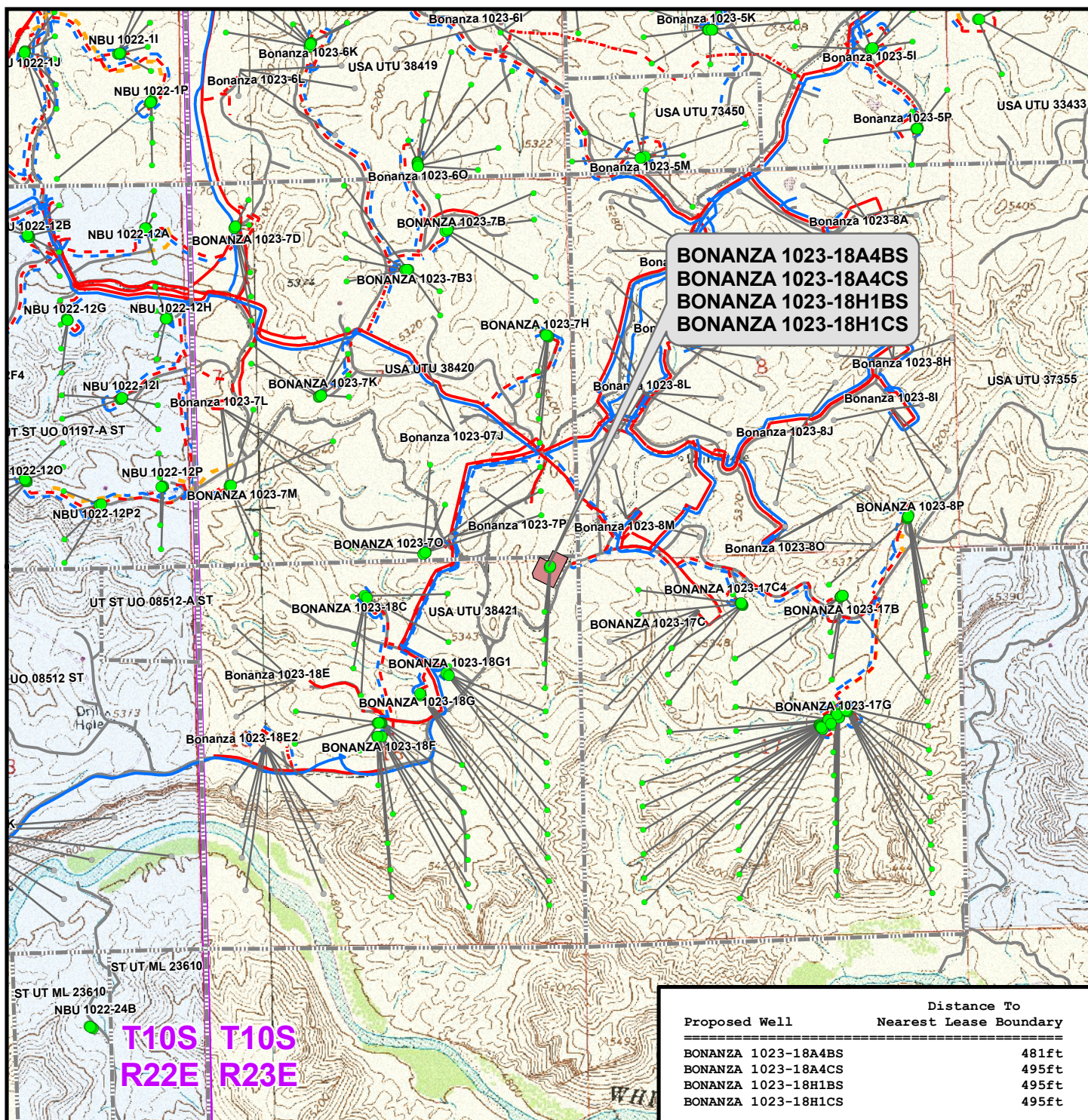
DATE: 22 Nov 2011

DATE: 25 Jan 2012

SHEET NO:

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Legend

- Well - Proposed
- Bottom Hole - Proposed
- Bottom Hole - Existing
- Well Path
- Well Pad
- ▬ Lease Boundary
- Gas Pipeline - Proposed
- Gas Pipeline - To Be Upgraded
- Gas Pipeline - Existing
- Liquid Pipeline - Proposed
- Liquid Pipeline - Existing
- Road - Proposed
- Road - Existing
- Bureau of Land Management
- Indian Reservation
- State
- Private

WELL PAD - BONANZA 1023-18A

TOPO E
BONANZA 1023-18A4BS,
BONANZA 1023-18A4CS,
BONANZA 1023-18H1BS &
BONANZA 1023-18H1CS
LOCATED IN SECTION 18, T10S, R23E,
S.L.B.&M., Uintah County, Utah

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SCALE: 1" = 2,000ft

DRAWN: TL

REVISED:

NAD83 USP Central

DATE: 25 Jan 2012

DATE:

SHEET NO:

15

15 OF 16

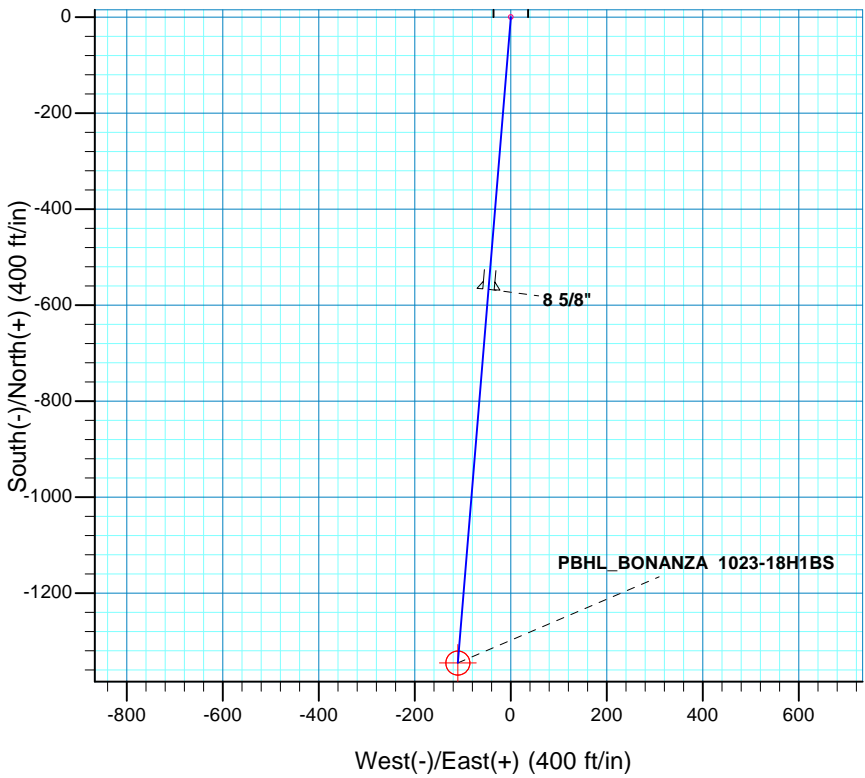
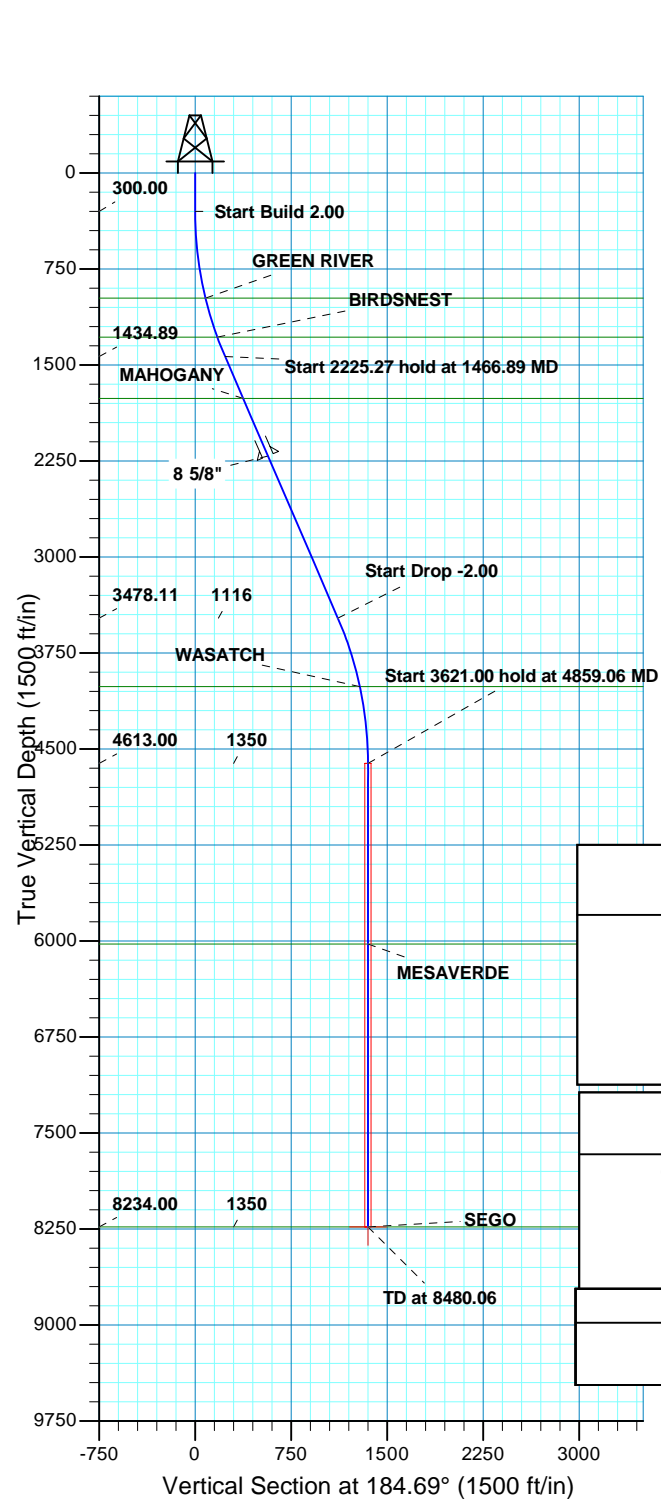
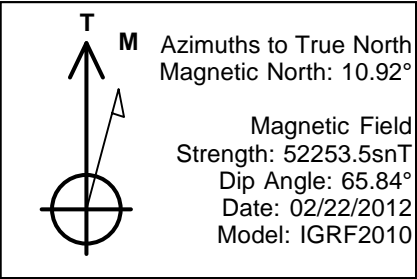
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**Kerr-McGee Oil & Gas Onshore, LP
WELL PAD – BONANZA 1023-18A
WELLS – BONANZA 1023-18A4BS, BONANZA 1023-18A4CS,
BONANZA 1023-18H1BS & BONANZA 1023-18H1CS
Section 18, T10S, R23E, S.L.B.&M.**

From the intersection of U.S. Highway 40 and 500 East Street in Vernal, Utah, proceed in an easterly, then southerly direction along U.S. Highway 40 approximately 3.3 miles to the junction of State Highway 45. Exit right and proceed in a southerly direction along State Highway 45 approximately 20.2 miles to the junction of the Glen Bench Road (County B Road 3260). Exit right and proceed in a southwesterly direction along the Glen Bench Road approximately 14.4 miles to the intersection of the Fidler Road (County B Road 3410) which road intersection is approximately 400 feet northeast of the Mountain Fuel Bridge at the White River. Exit left and proceed in a southeasterly direction along the Fidler Road approximately 4.4 miles to the intersection of the Seven Sisters Road (County B Road 3420). Exit right and proceed in a southeasterly, then southerly, then southeasterly direction along the Seven Sisters Road approximately 6.5 miles to a Class D County Road to the south. Exit right and proceed in a southerly direction along the Class D County Road approximately 0.2 miles to a second Class D County Road to the northeast. Exit left and proceed in a northeasterly direction along the second Class D County Road approximately 0.3 miles to an existing service road to the north. Exit left and proceed in a northerly direction along the service road approximately 250 feet to the proposed well location.

Total distance from Vernal, Utah to the proposed well location is approximately 49.4 miles in a southerly direction.

| WELL DETAILS: BONANZA 1023-18H1BS | | | | | | |
|--------------------------------------|---------|----------|-------------|-------------|-------------|------------------------|
| GL 5246 & KB 4 @ 5246.00ft (ASSUMED) | | | | | | |
| | +N/-S | +E/-W | Northing | Easting | Latitude | Longitude |
| | 0.00 | 0.00 | 14514200.55 | 2099790.72 | 39.955883 | -109.360814 |
| DESIGN TARGET DETAILS | | | | | | |
| Name | TVD | +N/-S | +E/-W | Northing | Easting | Latitude |
| PBHL | 8234.00 | -1345.79 | -110.45 | 14512852.96 | 2099705.02 | 39.952188 |
| - plan hits target center | | | | | | |
| | | | | | Longitude | Shape |
| | | | | | -109.361208 | Circle (Radius: 25.00) |



| SECTION DETAILS | | | | | | | | | |
|-----------------|-------|--------|---------|----------|---------|------|--------|---------|--------------------------|
| MD | Inc | Azi | TVD | +N/-S | +E/-W | Dleg | TFace | VSect | |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 300.00 | 0.00 | 0.00 | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 1466.89 | 23.34 | 184.69 | 1434.89 | -233.60 | -19.17 | 2.00 | 184.69 | 234.38 | |
| 3692.17 | 23.34 | 184.69 | 3478.11 | -1112.19 | -91.28 | 0.00 | 0.00 | 1115.93 | |
| 4859.06 | 0.00 | 0.00 | 4613.00 | -1345.79 | -110.45 | 2.00 | 180.00 | 1350.32 | |
| 8480.06 | 0.00 | 0.00 | 8234.00 | -1345.79 | -110.45 | 0.00 | 0.00 | 1350.32 | PBHL BONANZA 1023-18H1BS |

| PROJECT DETAILS: UTAH - UTM (feet), NAD27, Zone 12N | | | | FORMATION TOP DETAILS | | |
|---|--|--|--|-----------------------|---------|-------------|
| Geodetic System: Universal Transverse Mercator (US Survey Feet) | | | | TVDPath | MDPath | Formation |
| Datum: NAD 1927 (NADCON CONUS) | | | | 979.00 | 965.52 | GREEN RIVER |
| Ellipsoid: Clarke 1866 | | | | 1283.00 | 1303.39 | BIRDSNEST |
| Zone: Zone 12N (114 W to 108 W) | | | | 1761.00 | 1822.06 | MAHOGANY |
| Location: SECTION 18 T10S R23E | | | | 4013.00 | 4254.59 | WASATCH |
| System Datum: Mean Sea Level | | | | 6025.00 | 6271.06 | MESAVERDE |
| | | | | 8234.00 | 8480.06 | SEGO |

| CASING DETAILS | | | |
|----------------|---------|--------|-------|
| TVD | MD | Name | Size |
| 2211.00 | 2312.16 | 8 5/8" | 8.625 |



US ROCKIES REGION PLANNING

UTAH - UTM (feet), NAD27, Zone 12N

BONANZA 1023-18A PAD

BONANZA 1023-18H1BS

OH

Plan: PLAN #1

Standard Planning Report

22 February, 2012





SDI Planning Report



| | | | |
|------------------|------------------------------------|-------------------------------------|--------------------------------------|
| Database: | EDM5000-RobertS-Local | Local Co-ordinate Reference: | Well BONANZA 1023-18H1BS |
| Company: | US ROCKIES REGION PLANNING | TVD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Project: | UTAH - UTM (feet), NAD27, Zone 12N | MD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Site: | BONANZA 1023-18A PAD | North Reference: | True |
| Well: | BONANZA 1023-18H1BS | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | OH | | |
| Design: | PLAN #1 | | |

| | | | |
|--------------------|--|----------------------|----------------|
| Project | UTAH - UTM (feet), NAD27, Zone 12N | | |
| Map System: | Universal Transverse Mercator (US Survey Feet) | System Datum: | Mean Sea Level |
| Geo Datum: | NAD 1927 (NADCON CONUS) | | |
| Map Zone: | Zone 12N (114 W to 108 W) | | |

| | | | |
|------------------------------|--|--------------------------|--------------------|
| Site | BONANZA 1023-18A PAD, SECTION 18 T10S R23E | | |
| Site Position: | | Northing: | 14,514,182.54 usft |
| From: | Lat/Long | Easting: | 2,099,781.79 usft |
| Position Uncertainty: | 0.00 ft | Slot Radius: | 13.200 in |
| | | Latitude: | 39.955834 |
| | | Longitude: | -109.360847 |
| | | Grid Convergence: | 1.05 ° |

| | | | |
|-----------------------------|--------------------------------------|----------|----------------------------|
| Well | BONANZA 1023-18H1BS, 133 FNL 390 FEL | | |
| Well Position | +N/-S | 17.85 ft | Northing: |
| | +E/-W | 9.25 ft | Easting: |
| Position Uncertainty | 0.00 ft | | Wellhead Elevation: |
| | | | Latitude: |
| | | | Longitude: |
| | | | Ground Level: |

| | | | | | |
|------------------|-------------------|--------------------|------------------------|----------------------|----------------------------|
| Wellbore | OH | | | | |
| Magnetics | Model Name | Sample Date | Declination (°) | Dip Angle (°) | Field Strength (nT) |
| | IGRF2010 | 02/22/12 | 10.92 | 65.84 | 52,253 |

| | | | | |
|--------------------------|------------------------------|-------------------|----------------------|----------------------|
| Design | PLAN #1 | | | |
| Audit Notes: | | | | |
| Version: | Phase: | PLAN | Tie On Depth: | 0.00 |
| Vertical Section: | Depth From (TVD) (ft) | +N/-S (ft) | +E/-W (ft) | Direction (°) |
| | 0.00 | 0.00 | 0.00 | 184.69 |

| Plan Sections | | | | | | | | | | |
|----------------------|-----------------|-------------|---------------------|------------|------------|-----------------------|----------------------|---------------------|---------|------------------|
| Measured Depth (ft) | Inclination (°) | Azimuth (°) | Vertical Depth (ft) | +N/-S (ft) | +E/-W (ft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) | TFO (°) | Target |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 300.00 | 0.00 | 0.00 | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 1,466.89 | 23.34 | 184.69 | 1,434.89 | -233.60 | -19.17 | 2.00 | 2.00 | 0.00 | 184.69 | |
| 3,692.17 | 23.34 | 184.69 | 3,478.11 | -1,112.19 | -91.28 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 4,859.06 | 0.00 | 0.00 | 4,613.00 | -1,345.79 | -110.45 | 2.00 | -2.00 | 0.00 | 180.00 | |
| 8,480.06 | 0.00 | 0.00 | 8,234.00 | -1,345.79 | -110.45 | 0.00 | 0.00 | 0.00 | 0.00 | PBHL_BONANZA 10; |



SDI
Planning Report



| | | | |
|------------------|------------------------------------|-------------------------------------|--------------------------------------|
| Database: | EDM5000-RobertS-Local | Local Co-ordinate Reference: | Well BONANZA 1023-18H1BS |
| Company: | US ROCKIES REGION PLANNING | TVD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Project: | UTAH - UTM (feet), NAD27, Zone 12N | MD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Site: | BONANZA 1023-18A PAD | North Reference: | True |
| Well: | BONANZA 1023-18H1BS | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | OH | | |
| Design: | PLAN #1 | | |

| Planned Survey | | | | | | | | | |
|---|-----------------|-------------|---------------------|------------|------------|-----------------------|-----------------------|----------------------|---------------------|
| Measured Depth (ft) | Inclination (°) | Azimuth (°) | Vertical Depth (ft) | +N/-S (ft) | +E/-W (ft) | Vertical Section (ft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 100.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 200.00 | 0.00 | 0.00 | 200.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 300.00 | 0.00 | 0.00 | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Start Build 2.00 | | | | | | | | | |
| 400.00 | 2.00 | 184.69 | 399.98 | -1.74 | -0.14 | 1.75 | 2.00 | 2.00 | 0.00 |
| 500.00 | 4.00 | 184.69 | 499.84 | -6.96 | -0.57 | 6.98 | 2.00 | 2.00 | 0.00 |
| 600.00 | 6.00 | 184.69 | 599.45 | -15.64 | -1.28 | 15.69 | 2.00 | 2.00 | 0.00 |
| 700.00 | 8.00 | 184.69 | 698.70 | -27.79 | -2.28 | 27.88 | 2.00 | 2.00 | 0.00 |
| 800.00 | 10.00 | 184.69 | 797.47 | -43.38 | -3.56 | 43.52 | 2.00 | 2.00 | 0.00 |
| 900.00 | 12.00 | 184.69 | 895.62 | -62.39 | -5.12 | 62.60 | 2.00 | 2.00 | 0.00 |
| 985.52 | 13.71 | 184.69 | 979.00 | -81.36 | -6.68 | 81.63 | 2.00 | 2.00 | 0.00 |
| GREEN RIVER | | | | | | | | | |
| 1,000.00 | 14.00 | 184.69 | 993.06 | -84.81 | -6.96 | 85.10 | 2.00 | 2.00 | 0.00 |
| 1,100.00 | 16.00 | 184.69 | 1,089.64 | -110.61 | -9.08 | 110.98 | 2.00 | 2.00 | 0.00 |
| 1,200.00 | 18.00 | 184.69 | 1,185.27 | -139.74 | -11.47 | 140.21 | 2.00 | 2.00 | 0.00 |
| 1,300.00 | 20.00 | 184.69 | 1,279.82 | -172.19 | -14.13 | 172.77 | 2.00 | 2.00 | 0.00 |
| 1,303.39 | 20.07 | 184.69 | 1,283.00 | -173.35 | -14.23 | 173.93 | 2.00 | 2.00 | 0.00 |
| BIRDSNEST | | | | | | | | | |
| 1,400.00 | 22.00 | 184.69 | 1,373.17 | -207.90 | -17.06 | 208.60 | 2.00 | 2.00 | 0.00 |
| 1,466.89 | 23.34 | 184.69 | 1,434.89 | -233.60 | -19.17 | 234.38 | 2.00 | 2.00 | 0.00 |
| Start 2225.27 hold at 1466.89 MD | | | | | | | | | |
| 1,500.00 | 23.34 | 184.69 | 1,465.29 | -246.67 | -20.24 | 247.50 | 0.00 | 0.00 | 0.00 |
| 1,600.00 | 23.34 | 184.69 | 1,557.11 | -286.15 | -23.48 | 287.11 | 0.00 | 0.00 | 0.00 |
| 1,700.00 | 23.34 | 184.69 | 1,648.93 | -325.63 | -26.72 | 326.73 | 0.00 | 0.00 | 0.00 |
| 1,800.00 | 23.34 | 184.69 | 1,740.75 | -365.12 | -29.97 | 366.34 | 0.00 | 0.00 | 0.00 |
| 1,822.06 | 23.34 | 184.69 | 1,761.00 | -373.83 | -30.68 | 375.08 | 0.00 | 0.00 | 0.00 |
| MAHOGANY | | | | | | | | | |
| 1,900.00 | 23.34 | 184.69 | 1,832.56 | -404.60 | -33.21 | 405.96 | 0.00 | 0.00 | 0.00 |
| 2,000.00 | 23.34 | 184.69 | 1,924.38 | -444.08 | -36.45 | 445.58 | 0.00 | 0.00 | 0.00 |
| 2,100.00 | 23.34 | 184.69 | 2,016.20 | -483.56 | -39.69 | 485.19 | 0.00 | 0.00 | 0.00 |
| 2,200.00 | 23.34 | 184.69 | 2,108.02 | -523.05 | -42.93 | 524.81 | 0.00 | 0.00 | 0.00 |
| 2,300.00 | 23.34 | 184.69 | 2,199.84 | -562.53 | -46.17 | 564.42 | 0.00 | 0.00 | 0.00 |
| 2,312.16 | 23.34 | 184.69 | 2,211.00 | -567.33 | -46.56 | 569.24 | 0.00 | 0.00 | 0.00 |
| 8 5/8" | | | | | | | | | |
| 2,400.00 | 23.34 | 184.69 | 2,291.66 | -602.01 | -49.41 | 604.04 | 0.00 | 0.00 | 0.00 |
| 2,500.00 | 23.34 | 184.69 | 2,383.48 | -641.49 | -52.65 | 643.65 | 0.00 | 0.00 | 0.00 |
| 2,600.00 | 23.34 | 184.69 | 2,475.29 | -680.98 | -55.89 | 683.27 | 0.00 | 0.00 | 0.00 |
| 2,700.00 | 23.34 | 184.69 | 2,567.11 | -720.46 | -59.13 | 722.88 | 0.00 | 0.00 | 0.00 |
| 2,800.00 | 23.34 | 184.69 | 2,658.93 | -759.94 | -62.37 | 762.50 | 0.00 | 0.00 | 0.00 |
| 2,900.00 | 23.34 | 184.69 | 2,750.75 | -799.42 | -65.61 | 802.11 | 0.00 | 0.00 | 0.00 |
| 3,000.00 | 23.34 | 184.69 | 2,842.57 | -838.91 | -68.85 | 841.73 | 0.00 | 0.00 | 0.00 |
| 3,100.00 | 23.34 | 184.69 | 2,934.39 | -878.39 | -72.09 | 881.34 | 0.00 | 0.00 | 0.00 |
| 3,200.00 | 23.34 | 184.69 | 3,026.21 | -917.87 | -75.33 | 920.96 | 0.00 | 0.00 | 0.00 |
| 3,300.00 | 23.34 | 184.69 | 3,118.02 | -957.35 | -78.57 | 960.57 | 0.00 | 0.00 | 0.00 |
| 3,400.00 | 23.34 | 184.69 | 3,209.84 | -996.84 | -81.81 | 1,000.19 | 0.00 | 0.00 | 0.00 |
| 3,500.00 | 23.34 | 184.69 | 3,301.66 | -1,036.32 | -85.05 | 1,039.80 | 0.00 | 0.00 | 0.00 |
| 3,600.00 | 23.34 | 184.69 | 3,393.48 | -1,075.80 | -88.29 | 1,079.42 | 0.00 | 0.00 | 0.00 |
| 3,692.17 | 23.34 | 184.69 | 3,478.11 | -1,112.19 | -91.28 | 1,115.93 | 0.00 | 0.00 | 0.00 |
| Start Drop -2.00 | | | | | | | | | |
| 3,700.00 | 23.18 | 184.69 | 3,485.30 | -1,115.28 | -91.53 | 1,119.02 | 2.00 | -2.00 | 0.00 |
| 3,800.00 | 21.18 | 184.69 | 3,577.90 | -1,152.90 | -94.62 | 1,156.78 | 2.00 | -2.00 | 0.00 |
| 3,900.00 | 19.18 | 184.69 | 3,671.75 | -1,187.28 | -97.44 | 1,191.27 | 2.00 | -2.00 | 0.00 |



SDI Planning Report



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|------------------|------------------------------------|-------------------------------------|--------------------------------------|
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| Project: | UTAH - UTM (feet), NAD27, Zone 12N | MD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Site: | BONANZA 1023-18A PAD | North Reference: | True |
| Well: | BONANZA 1023-18H1BS | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | OH | | |
| Design: | PLAN #1 | | |

| Planned Survey | | | | | | | | | |
|---|-----------------|-------------|---------------------|------------|------------|-----------------------|-----------------------|----------------------|---------------------|
| Measured Depth (ft) | Inclination (°) | Azimuth (°) | Vertical Depth (ft) | +N/-S (ft) | +E/-W (ft) | Vertical Section (ft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |
| 4,000.00 | 17.18 | 184.69 | 3,766.75 | -1,218.38 | -99.99 | 1,222.47 | 2.00 | -2.00 | 0.00 |
| 4,100.00 | 15.18 | 184.69 | 3,862.79 | -1,246.15 | -102.27 | 1,250.34 | 2.00 | -2.00 | 0.00 |
| 4,200.00 | 13.18 | 184.69 | 3,959.74 | -1,270.57 | -104.28 | 1,274.84 | 2.00 | -2.00 | 0.00 |
| 4,254.59 | 12.09 | 184.69 | 4,013.00 | -1,282.47 | -105.25 | 1,286.78 | 2.00 | -2.00 | 0.00 |
| WASATCH | | | | | | | | | |
| 4,300.00 | 11.18 | 184.69 | 4,057.48 | -1,291.60 | -106.00 | 1,295.94 | 2.00 | -2.00 | 0.00 |
| 4,400.00 | 9.18 | 184.69 | 4,155.90 | -1,309.21 | -107.45 | 1,313.61 | 2.00 | -2.00 | 0.00 |
| 4,500.00 | 7.18 | 184.69 | 4,254.88 | -1,323.39 | -108.61 | 1,327.84 | 2.00 | -2.00 | 0.00 |
| 4,600.00 | 5.18 | 184.69 | 4,354.29 | -1,334.12 | -109.49 | 1,338.61 | 2.00 | -2.00 | 0.00 |
| 4,700.00 | 3.18 | 184.69 | 4,454.02 | -1,341.39 | -110.09 | 1,345.90 | 2.00 | -2.00 | 0.00 |
| 4,800.00 | 1.18 | 184.69 | 4,553.94 | -1,345.18 | -110.40 | 1,349.71 | 2.00 | -2.00 | 0.00 |
| 4,859.06 | 0.00 | 0.00 | 4,613.00 | -1,345.79 | -110.45 | 1,350.32 | 2.00 | -2.00 | 0.00 |
| Start 3621.00 hold at 4859.06 MD | | | | | | | | | |
| 4,900.00 | 0.00 | 0.00 | 4,653.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,000.00 | 0.00 | 0.00 | 4,753.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,100.00 | 0.00 | 0.00 | 4,853.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,200.00 | 0.00 | 0.00 | 4,953.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,300.00 | 0.00 | 0.00 | 5,053.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,400.00 | 0.00 | 0.00 | 5,153.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,500.00 | 0.00 | 0.00 | 5,253.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,600.00 | 0.00 | 0.00 | 5,353.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,700.00 | 0.00 | 0.00 | 5,453.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,800.00 | 0.00 | 0.00 | 5,553.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 5,900.00 | 0.00 | 0.00 | 5,653.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,000.00 | 0.00 | 0.00 | 5,753.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,100.00 | 0.00 | 0.00 | 5,853.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,200.00 | 0.00 | 0.00 | 5,953.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,271.06 | 0.00 | 0.00 | 6,025.00 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| MESAVERDE | | | | | | | | | |
| 6,300.00 | 0.00 | 0.00 | 6,053.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,400.00 | 0.00 | 0.00 | 6,153.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,500.00 | 0.00 | 0.00 | 6,253.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,600.00 | 0.00 | 0.00 | 6,353.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,700.00 | 0.00 | 0.00 | 6,453.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,800.00 | 0.00 | 0.00 | 6,553.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 6,900.00 | 0.00 | 0.00 | 6,653.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,000.00 | 0.00 | 0.00 | 6,753.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,100.00 | 0.00 | 0.00 | 6,853.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,200.00 | 0.00 | 0.00 | 6,953.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,300.00 | 0.00 | 0.00 | 7,053.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,400.00 | 0.00 | 0.00 | 7,153.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,500.00 | 0.00 | 0.00 | 7,253.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,600.00 | 0.00 | 0.00 | 7,353.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,700.00 | 0.00 | 0.00 | 7,453.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,800.00 | 0.00 | 0.00 | 7,553.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 7,900.00 | 0.00 | 0.00 | 7,653.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 8,000.00 | 0.00 | 0.00 | 7,753.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 8,100.00 | 0.00 | 0.00 | 7,853.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 8,200.00 | 0.00 | 0.00 | 7,953.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 8,300.00 | 0.00 | 0.00 | 8,053.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 8,400.00 | 0.00 | 0.00 | 8,153.94 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| 8,480.06 | 0.00 | 0.00 | 8,234.00 | -1,345.79 | -110.45 | 1,350.32 | 0.00 | 0.00 | 0.00 |
| SEGO - PBHL_BONANZA 1023-18H1BS | | | | | | | | | |



SDI
Planning Report



| | | | |
|------------------|------------------------------------|-------------------------------------|--------------------------------------|
| Database: | EDM5000-RobertS-Local | Local Co-ordinate Reference: | Well BONANZA 1023-18H1BS |
| Company: | US ROCKIES REGION PLANNING | TVD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Project: | UTAH - UTM (feet), NAD27, Zone 12N | MD Reference: | GL 5246 & KB 4 @ 5246.00ft (ASSUMED) |
| Site: | BONANZA 1023-18A PAD | North Reference: | True |
| Well: | BONANZA 1023-18H1BS | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | OH | | |
| Design: | PLAN #1 | | |

Design Targets

Target Name

| - hit/miss target | Dip Angle (°) | Dip Dir. (°) | TVD (ft) | +N/-S (ft) | +E/-W (ft) | Northing (usft) | Easting (usft) | Latitude | Longitude |
|--|------------------|-----------------|-------------|---------------|---------------|--------------------|-------------------|-----------|-------------|
| - Shape | | | | | | | | | |
| PBHL_BONANZA 1023- - plan hits target center - Circle (radius 25.00) | 0.00 | 0.00 | 8,234.00 | -1,345.79 | -110.45 | 14,512,852.97 | 2,099,705.01 | 39.952188 | -109.361208 |

Casing Points

| Measured Depth (ft) | Vertical Depth (ft) | Name | Casing Diameter (in) | Hole Diameter (in) |
|---------------------------|---------------------------|--------|----------------------------|--------------------------|
| 2,312.16 | 2,211.00 | 8 5/8" | 8.625 | 11.000 |

Formations

| Measured Depth (ft) | Vertical Depth (ft) | Name | Lithology | Dip (°) | Dip Direction (°) |
|---------------------------|---------------------------|-------------|-----------|------------|-------------------------|
| 985.52 | 979.00 | GREEN RIVER | | | |
| 1,303.39 | 1,283.00 | BIRDSNEST | | | |
| 1,822.06 | 1,761.00 | MAHOGANY | | | |
| 4,254.59 | 4,013.00 | WASATCH | | | |
| 6,271.06 | 6,025.00 | MESAVERDE | | | |
| 8,480.06 | 8,234.00 | SEGO | | | |

Plan Annotations

| Measured Depth (ft) | Vertical Depth (ft) | Local Coordinates | | Comment |
|---------------------------|---------------------------|-------------------|---------------|----------------------------------|
| | | +N/-S (ft) | +E/-W (ft) | |
| 300.00 | 300.00 | 0.00 | 0.00 | Start Build 2.00 |
| 1,466.89 | 1,434.89 | -233.60 | -19.17 | Start 2225.27 hold at 1466.89 MD |
| 3,692.17 | 3,478.11 | -1,112.19 | -91.28 | Start Drop -2.00 |
| 4,859.06 | 4,613.00 | -1,345.79 | -110.45 | Start 3621.00 hold at 4859.06 MD |
| 8,480.06 | 8,234.00 | -1,345.79 | -110.45 | TD at 8480.06 |

Kerr-McGee Oil & Gas Onshore. L.P.**BONANZA 1023-18A PAD**

| <u>API #</u> | <u>BONANZA 1023-18A4BS</u> | | |
|--------------|----------------------------|------|-----|
| | Surface: 151 FNL / 400 FEL | NENE | Lot |
| | BHL: 762 FNL / 481 FEL | NENE | Lot |
| <u>API #</u> | <u>BONANZA 1023-18A4CS</u> | | |
| | Surface: 142 FNL / 395 FEL | NENE | Lot |
| | BHL: 1151 FNL / 495 FEL | NENE | Lot |
| <u>API #</u> | <u>BONANZA 1023-18H1BS</u> | | |
| | Surface: 133 FNL / 390 FEL | NENE | Lot |
| | BHL: 1480 FNL / 495 FEL | SENE | Lot |
| <u>API #</u> | <u>BONANZA 1023-18H1CS</u> | | |
| | Surface: 124 FNL / 386 FEL | NENE | Lot |
| | BHL: 1809 FNL / 495 FEL | SENE | Lot |

This Surface Use Plan of Operations (SUPO) or 13-point plan provides site-specific information for the above-referenced wells.

In accordance with Utah Oil & Gas Conservation Rule R649-3-11 pertaining to Directional Drilling, these wells will be directionally drilled. Refer to Topo Map A for directions to the location and Topo Maps A and B for location of access roads within a 2-mile radius.

An on-site meeting was held on December 14, 2011. Present were:

- David Gordon, Tyler Cox, Dan Emmett, Melissa Wardle - BLM;
- Jacob Dunham - 609 Consulting;
- John Slaugh, Mitch Batty - Timberline Engineering & Land Surveying, Inc.; and
- Danielle Piernot, Doyle Holmes, Grizz Oleen, Sheila Wopsock - Kerr-McGee

A. Existing Roads:

Existing roads consist of county and improved/unimproved access roads (two-tracks). In accordance with Onshore Order #1, Kerr-McGee will, in accordance with BMPs, improve or maintain existing roads in a condition that is the same as or better than before operations began. New or reconstructed proposed access roads are discussed in Section B.

The existing roads will be maintained in a safe and usable condition. Maintenance for existing roads will continue until final abandonment and reclamation of well pads and/or other facilities, as applicable. Road maintenance will include, but is not limited to, blading, ditching, and/or culvert installation and cleanout. To ensure safe operating conditions, gravel surfacing will be performed where excessive rutting or erosion may occur. Dust control will be performed as necessary to ensure safe operating conditions.

Roads, gathering lines and electrical distribution lines will occupy common disturbance corridors where possible. Where available, roadways will be used as the staging area and working space for installation of gathering lines. All disturbances located in the same corridor will overlap each other to the maximum extent possible, while maintaining safe and sound construction and installation practices. Unless otherwise approved or requested in site specific documents, in no case will the maximum disturbance widths of the access road and utility corridors exceed the widths specified in Part D of this document.

Please refer to Topo B, for existing roads.

B. New or Reconstructed Access Roads:

All new or reconstructed roads will be located, designed, and maintained to meet the standards of the BLM. BMPs. Described in the BLM's Surface Operating Standards for Oil and Gas Exploration and Development, 4th Edition (Gold Book) (USDI and USDA, 2007) and/or BLM Manual Section 9113 (1985) will be considered in consultation with the BLM in the design, construction, improvement and maintenance of all new or reconstructed roads. If a new road would cross a water of the United States, Kerr-McGee will adhere to the requirements of applicable Nationwide Permits of the Department of Army Corps of Engineers.

Each new well pad or pad expansion may require construction of a new access road and/or de-commissioning of an older road. Plans, routes, and distances for new roads and road improvements are provided in design packages, exhibits and maps for a project. Project-specific maps are submitted to depict the locations of existing, proposed, and/or decommissioned and include the locations for supporting structures, including, but not limited to, culverts, bridges, low water crossings, range infrastructure, and haul routes, as per OSO 1. Designs for cuts and fills, including spoils source and storage areas, are provided with the road designs, as necessary.

Where safety objectives can be met. As applicable, Kerr-McGee may use unimproved and/or two-track roads for lease operations, to lessen total disturbance.

Road designs will be based on the road safety requirements, traffic characteristics, environmental conditions, and the vehicles the road is intended to carry. Generally, newly constructed unpaved lease roads will be crowned and ditched with the running surfaces of the roads approximately 12-18 feet wide and a total road corridor width not to exceed 45 feet, except where noted in the road design for a specific project. Maximum grade will generally not exceed 8%. Borrow ditches will be back sloped 3:1 or less. Construction BMPs will be employed to control onsite and offsite erosion.

Where topography would direct storm water runoff to an access road or well pad, drainage ditches or other common drainage control facilities, such as V- or wing-ditches, will be constructed to divert surface water runoff. Drainage features, including culverts, will be constructed or installed prior to commencing other operations, including drilling or facilities placement. Riprap will be placed at the inlet and outlet at the culvert(s), as necessary.

Prior to construction, new access road(s) will be staked according to the requirements of OSO 1. Construction activity will not be conducted using frozen or saturated materials or during periods when significant watershed damage (e.g. rutting, extensive sheet soil erosion, formation of rills/gullies, etc.) is likely to occur. Vegetative debris will not be placed in or under fill embankments.

New road maintenance will include, but is not limited to, blading, ditching, culvert installation and cleanout, gravel surfacing where excessive rutting or erosion may occur and dust control, as necessary to ensure safe operating conditions. All vehicular traffic, personnel movement, construction/restoration operations will be confined to the approved area and to existing roadways and/or access routes.

Snow removal will be conducted on an as-needed basis to accommodate safe travel. Snow removal will occur as necessary throughout the year, as will necessary drainage ditch construction. Removed snow may be stored on

permitted well pads to reduce hauling distances and/or at the aerial extent of approved disturbance boundaries to facilitate snow removal for the remainder of the season.

If a county road crossing or encroachment permit is needed, it will be obtained prior to construction.

There are no new proposed access roads associated with this pad. Please refer to Topo B.

C. Location of Existing Wells:

A) Refer to Topo Map C.

D. Location of Existing and/or Proposed Facilities:

This pad will expand the existing pad for the Bonanza 1023-18A, which is a producing gas well according to Utah Division of Oil, Gas and Mining (UDOGM) records on March 28, 2012. Gathering (pipeline) infrastructure will be utilized to collect and transport gas and fluids from the wells which are owned and operated by Kerr McGee Oil and Gas Onshore LP (Kerr-McGee).

Due to the well pad expansion a portion of the new pad will cross lease boundaries. KMOG is requesting the entire pad to be placed under ROW.

Should the well(s) prove productive, production facilities will be installed on the disturbed portion of each well pad. A berm will be constructed completely around production components (typically excluding dehy's and/or separators) that contain fluids (i.e. production tanks, produced liquids tanks). The berms will generally be constructed of compacted subsoil or corrugated metal, and will hold the capacity of the largest tank and have sufficient freeboard to accommodate a 25 year rainfall event. This includes pumping units. Aboveground structures constructed or installed onsite for 6 months or longer, will be painted a flat, non-reflective, earth-tone color chosen at the onsite in coordination with the BLM (typically Shadow Gray). A production facility layout is provided as part of a project-specific APD, ROW or NOS submission.

GAS GATHERING

Please refer to Exhibit A and Topo D2- Pad and Pipeline Detail.

The gas gathering pipeline material: Steel line pipe. Surface = Bare pipe. Buried = Coated with fusion bonded epoxy coating (or equivalent). The total buried gas gathering pipeline distance from the meter to the tie in point is $\pm 875'$. The individual segments are broken up as follows:

The following segments will require a ROW under KMOG.

- $\pm 275'$ (0.05 miles) – Section 18 T10S R23E (NE/4 NE/4) – On-lease UTU-38420 and UTU-38421, BLM surface, New 8" buried gas gathering pipeline from the meter to the edge of the pad. Please refer to Topo D2 - Pad and Pipeline Detail.
- $\pm 165'$ (0.03 miles) – Section 18 T10S R23E (NE/4 NE/4) – On-lease UTU-38421, BLM surface, New 8" buried gas gathering pipeline from the edge of the pad to the Section 8–T10S-R23E southwest corner section line boundary. Please refer to Exhibit A1, Line 6.
- $\pm 435'$ (0.1 miles) – Section 8 T10S R23E (SW/4 SW/4) – On-lease UTU-37355, BLM surface, New 8" buried gas gathering pipeline from the Section 8–T10S-R23E southwest corner section line boundary to the proposed 16" buried gas pipeline filed under separate cover under AUM. Please refer to Exhibit A1, Line 5.

The following segments require a ROW. Anadarko Uintah Midstream will apply for an SF-299/POD under separate cover. Listed below is the gas gathering pipeline distances:

- $\pm 4,650'$ (0.9 miles) – Section 17 T10S R23E (N/2) – On-lease UTU-37355, BLM surface, New 16" buried gas gathering pipeline from the edge of the planned Bonanza 1023-17G Pad to the northern section line boundary of Section 17-T10S-R23E. Please refer to Exhibit A1, Line 9.
- $\pm 475'$ (0.1 miles) – Section 17 T10S R23E (NE/NW) – On-lease UTU-37355, BLM surface, New 16" buried gas gathering pipeline coming from the northern section line boundary of Section 17-T10S-R23E and will travel cross country in a westerly direction. Please refer to Exhibit A1, Line 8.
- $\pm 1,175'$ (0.2 miles) – Section 7 T10S R23E (SW/SW) – On-lease UTU-37355, BLM surface, New 16" buried gas gathering pipeline from the northern section line of Section 17-T10S-R23E to the Bonanza 1023-8M Pad intersection. Please refer to the Exhibit A1, Line 7.
- $\pm 735'$ (0.1 miles) – Section 7 T10S R23E (SW/4) – On-lease UTU-37355, BLM surface, New 16" buried gas gathering pipeline from the Bonanza 1023-8M Pad intersection to the western section line boundary of Section 7-T10S-R23E. Please refer to Exhibit A1, Line 4.
- $\pm 765'$ (0.1 miles) – Section 7 T10S R23E (SE/4) – On-lease UTU-38420, BLM surface, New 16" buried gas gathering pipeline from the western section line boundary of Section 7-T10S-R23E to tie-in to the previously proposed 16" gas gathering pipeline filed under AUM in Section 7-T10S-R23E. Please refer to Exhibit A1, Line 3.

LIQUID GATHERING

Please refer to Exhibit B and Topo D2- Pad and Pipeline Detail.

The total liquid gathering pipeline distance from the separator to the tie in point is $\pm 875'$ and the individual segments are broken up as follows:

The following segments will require a ROW.

- $\pm 275'$ (0.05 miles) – Section 18 T10S R23E (NE/4 NE/4) – On-lease UTU-38420 and UTU-38421, BLM surface, New 6" buried liquid gathering pipeline from the separator to the edge of the pad. Please refer to Topo D2 - Pad and Pipeline Detail.
- $\pm 165'$ (0.03 miles) – Section 18 T10S R23E (NE/4 NE/4) – On-lease UTU-38421, BLM surface, New 6" buried liquid gathering pipeline from the edge of the pad to the Section 8–T10S-R23E southwest corner section line boundary. Please refer to Exhibit B1, Line 6.
- $\pm 435'$ (0.1 miles) – Section 8 T10S R23E (SW/4 SW/4) – On-lease UTU-37355, BLM surface, New 6" buried liquid gathering pipeline from the Section 8–T10S-R23E southwest corner section line boundary to the proposed main 6" buried liquid pipeline. Please refer to Exhibit B1, Line 5.

The following segments will require a ROW for the main liquid gathering line which will service Sections 17 and 18 –T10S-R23E; which will need to be approved concurrently with this APD under KMOG.

- $\pm 4,650'$ (0.9 miles) – Section 17 T10S R23E (N/2) – On-lease UTU-37355, BLM surface, New 6" buried liquid gathering pipeline from the edge of the planned Bonanza 1023-17G Pad to the northern section line boundary of Section 17-T10S-R23E. Please refer to Exhibit B1, Line 9.
- $\pm 475'$ (0.1 miles) – Section 17 T10S R23E (NE/NW) – On-lease UTU-37355, BLM surface, New 6" buried liquid gathering pipeline coming from the northern section line boundary of Section 17-T10S-R23E traveling cross country in a westerly direction. Please refer to Exhibit B1, Line 8.
- $\pm 1,175'$ (0.2 miles) – Section 7 T10S R23E (SW/SW) – On-lease UTU-37355, BLM surface, New 6" buried liquid gathering pipeline from the northern section line of Section 17-T10S-R23E to the Bonanza 1023-8M Pad intersection. Please refer to the Exhibit B1, Line 7.
- $\pm 735'$ (0.1 miles) – Section 8 T10S R23E (SW/4) – On-lease UTU-37355, BLM surface, New 6" buried liquid gathering pipeline from the Bonanza 1023-8M Pad intersection to the western section line boundary of Section 7-T10S-R23E. Please refer to Exhibit B1, Line 4.
- $\pm 765'$ (0.1 miles) – Section 7 T10S R23E (SE/4) – On-lease UTU-38420, BLM surface, New 6" buried liquid gathering pipeline from the western section line boundary of Section 7-T10S-R23E to the proposed main 6" liquid gathering pipeline. Please refer to Exhibit B1, Line 3.

Pipeline Gathering Construction

Gathering (pipeline) infrastructure will be utilized to collect and transport gas and fluids from the wells which are owned and operated by Kerr McGee. Gas gathering pipeline(s,) gas lift, or liquids pipelines may be constructed to lie on the surface or be buried. Where the pipeline is adjacent to the road or well pad, the road and/or well pad will be utilized for construction activities and staging. The area of disturbance during construction from the edge of road or well pad will typically be 30' in width. Where pipelines run cross country, the width of disturbance will typically be 45 ft for buried lines and 30 ft for surface lines. In addition, Kerr-McGee requests for a permanent 30' disturbance width that will be maintained for the portion adjacent to the road. The need for the 30' permanent disturbance width is for maintenance and repairs. Cross country permanent disturbance width also are required to be 30ft.

Above-ground installation will generally not require clearing of vegetation or blading of the surface, except where safety considerations necessitate earthwork. In some surface pipeline installation instances pipe cannot be constructed where it will lay. In these cases where an above-ground pipeline is constructed parallel and adjacent to a road, it will be welded/fused on the road and then lifted from the road to the pipeline route. In other cases where a pipeline route is not parallel and adjacent to a road (cross-country between sites), it will be welded/fused in place at a well pad, access road, or designated work area and pulled between connection locations with a suitable piece of equipment.

Buried pipelines will generally be installed parallel and adjacent to existing and/or newly constructed roads and within the permitted disturbance corridor. Buried pipelines may vary from 2 inches (typically fuel gas lines) to 24 inches (typically transportation lines) in diameter, but 6 to 16 inches is typical for a buried gas line. The diameter of liquids pipelines may vary from 2 inches to 12 inches, but 6 inches is the typical diameter. Gas lift lines may vary from 2 to 12 inches in diameter, but 6-inch diameter pipes are generally used for gas lift. If two or more pipelines are present (gas gathering, gas lift, and fluids), they will share a common trench where possible.

Typically, to install a buried pipeline, topsoil will be removed, windrowed and placed on the non-working side of the route for later reclamation. Because working room is limited, the spoil may be spread out across the working side and construction will take place on the spoil. The working side of the corridor will be used for pipe stringing, bending, welding and equipment travel. Small areas on the working side displaying ruts or uneven ground will be groomed to facilitate the safe passage of equipment. After the pipelines are installed, spoil will be placed back into the trench, and the topsoil will be redistributed over the disturbed corridor prior to final reclamation. Typical depth of the trench will be 6 feet, but depths may vary according to site-specific conditions (presence of bedrock, etc.). The proposed trench width for the pipeline would range from 18-48 inches.

The pipeline will be welded along the proposed route and lowered into place. Trenching equipment will cut through the soil or into the bedrock and create good backfill, eliminating the need to remove large rocks. The proposed buried pipeline will be visually and radiographically inspected and the entire pipeline will be pneumatically or hydrostatically tested before being placed into service. Routine vehicle traffic will be prevented from using pipeline routes as travel ways by posting signs at the route's intersection with an access road.

The liquid gathering lines will be made of polyethylene or a composite polyethylene/steel or polyethylene/fiberglass that is not subject to internal or external pipe corrosion. The content of the produced fluids to be transferred by the liquid gathering system will be approximately 92% produced water and 8% condensate. Trunk line valve connections for the water gathering system will be below ground but accessible from the surface in order to prevent freezing during winter time.

If pipelines or roads encounter a drainage that could be subject to flooding or surface water during extreme precipitation events, Kerr-McGee will apply all applicable Army Corps mandates as well as the BLM's Hydraulic Considerations for Pipeline Crossings of Stream Channels (BLM Technical Note 423, April 2007). In addition, all stream and drainage crossings will be evaluated to determine the need for stream alteration permits from the State of Utah Division of Water Rights and if necessary, required permits will be secured. Similarly, where a road or pipeline crossing exists the pipe will be butt welded and buried to a depth between 24 and 48 inches or more. Dirt roads will be cut and restored to a condition equivalent to the existing condition. All Uintah County road encroachment and crossing permits, where applicable, will be obtained prior to crossing construction. In no case will pressure testing of pipelines result in discharge of liquids to the surface.

Pipeline signs will be installed along the route to indicate the pipeline proximity, ownership, and to provide emergency contact phone numbers. Above ground valves and lateral T's will be installed at various locations for production integrity and safety purposes.

Upon completion of the proposed buried pipeline, the entire area of disturbance will be reclaimed to the standards proposed in the Green River District Reclamation Guidelines. Please refer to section J for more details regarding final reclamation.

When no longer deemed necessary by the operator, Kerr-McGee or its successor will consult with the BLM, Vernal Field Office before terminating the use of the pipeline(s).

The Anadarko Completions Transportation System (ACTS) information:

Please refer to Exhibit C for ACTs Lines

Kerr-McGee will use either a closed loop drilling system that will require one pit and one storage area to be constructed on the drilling pad or a traditional drilling operation with one pit. The storage area will be used to contain only the de-watered drill cuttings and will be lined and reclaimed according to traditional pit closure standards. The pit will be constructed to allow for completion operations. The completion operations pit is lined and will be used for the wells drilled on the pad or used as part of our Anadarko Completions Transportation (ACTS) system which is discussed in more detail below. Using the closed loop drilling system will allow Kerr-McGee to decrease the amount of disturbance/footprint on location compared to a single large drilling/completion pit.

If Kerr-McGee does not use a closed loop system, it will construct a drilling reserve pit to contain drill cuttings and for use in completion operations. Depending on the location of the pit, its relation to future drilling locations, the reserve/completion pit will be utilized for the completion of the wells on that pad and/or be used as part of our ACTS system.

Kerr-McGee will use ACTS to optimize the completion processes for multiple pads across the project area which may include up to a section of development. ACTS will facilitate management of frac fluids by utilizing existing reserve pits and temporary, surface-laid aluminum liquids transfer lines between frac locations. The pit will be refurbished as follows when a traditional drill pit is used: mix and pile up drill cuttings with dry dirt, bury the original liner in the pit, walk bottom of pit with cat. Kerr-McGee will reline the pit with a 30 mil liner and double felt padding. The refurbished pit will be the same size or smaller as specified in the originally approved ROW/APD. The pit refurb will be done in a normal procedure and there will be no modification to the pit.

All four sides of the completions pit will be fenced in according to standard pit fencing procedures. Netting will be installed over all pits.

Any hydrocarbons collected will be treated and sold at approved sales facilities. A loading rack with drip containment will also be installed where water trucks would unload and load to prevent damage caused from pulling hoses in and out of the pit .

ACTS will require temporarily laying multiple 6" aluminum water transfer lines on the surface between either existing or refurbished reserve pits. Please see the attached ACTS exhibit C for placement of the proposed temporary lines. The temporary aluminum transfer lines will be utilized to transport frac fluid being injected and/or recovered during the completion process and will be laid adjacent to existing access roads or pipeline corridors. Upon completion of the frac

operation, the liquids transfer lines will be flushed with fresh water and purged with compressed air. The contents of the transfer lines will be flushed into a water truck for delivery to another ACTS location or a reserve pit.

The volume of frac fluid transported through a water transfer line will vary, but volume is projected to be approximately 1.75 bbls per 50-foot joint. Although the maximum working pressure is 125 psig, the liquids transfer lines will be operated at a pressure of approximately 30 to 40 psig. Kerr-McGee requests to keep the netted pit open for one year from first production of the first produced well on the pad. During this time the surrounding well location completion fluids may be recycled in this pit and utilized for other frac jobs in the area. After one year Kerr-McGee will backfill the pit and reclaim. If the pit is not needed for an entire year it will be backfilled and reclaimed earlier. Kerr-McGee understands that due to the temporary nature of this system, BLM considers this a casual use situation; therefore, no permanent ROW or temporary use plan will need to be issued by the BLM.

E. Location and Types of Water Supply:

Water for drilling and completion operations will be obtained from the following sources:

| | | |
|------------------|-------------------|------------------------------------|
| | JD Field Services | Green River- Section 15, T2N, R22E |
| Permit # 49-2307 | R.N. Industries | White River- Section 2, T10S, R24E |
| Permit # 49-2321 | R.N. Industries | White River- Various Sources |
| Permit # 49-2319 | R.N. Industries | Green River- Section 33, T8S, R23E |
| Permit # 49-2320 | | |

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

F. Construction Materials:

Construction operations will typically be completed with native materials found on location. Construction materials that must be imported to the site (mineral material aggregate, soils or materials suitable for fill/surfacing) will be obtained from a nearby permitted source (described in site-specific documents). No construction materials will be removed from federal lands without prior approval from the BLM. A source location other than an on-location construction site will be designated either via a map or narrative within the project specific materials provided to the BLM.

G. Methods for Handling Waste:

All wastes subject to regulation will be handled in compliance with applicable laws to minimize the potential for leaks or spills to the environment. Kerr-McGee also maintains a Spill Control and Countermeasure Plan, which includes notification requirements, including the BLM, for all reportable spills of oil, produced liquids, and hazardous materials.

Any accidental release, such as a leak or spill in excess of the reportable quantity, as established by 40 CFR Part 117.3, will be reported as per the requirements of CERCLA, Section 102 B. If a release involves petroleum hydrocarbons or produced liquids, Kerr-McGee will comply with the notification requirements of NTL-3A. Drill cuttings and/or drilling fluids will be contained in the reserve/frac pit whether a closed loop system is used or not. Cuttings will be buried in pit(s) upon closure. Unless specifically approved by the BLM, no oil or other oil-based drilling additives, chromium/metals-based, or saline muds will be used during drilling. Only fresh water (as specified above), biodegradable polymer soap, bentonite clay, and/or non-toxic additives will be used in the mud system.

Pits will be constructed to minimize the accumulation of surface precipitation runoff into the pit (via appropriate placement of subsoil storage areas and/or construction of berms, ditches, etc). Should unexpected liquid petroleum hydrocarbons (crude oil or condensate) be encountered during drilling, completions or well testing, liquid petroleum hydrocarbons will either be contained in test tanks on the well site or evacuated by vacuum trucks and transported to an approved disposal/sales facility. Should petroleum hydrocarbons unexpectedly be released into a reserve/completion pit, they will be removed as soon as practical but in no case will they remain longer than 72 hours unless an alternate is approved by the BLM. Should timely removal not be feasible, the pit will be netted as soon as practical. Similarly, hydrocarbon removal will take place prior to the closure of the pit, unless authorization is provided for disposal via alternate pit closure methods (e.g. solidification).

The reserve and/or fracture stimulation pit will be lined with an impermeable liner. The liner will be a synthetic material 30 mil or thicker. The bottom and side walls of the pit will be void of any sharp rocks that could puncture the liner. The liner will be installed over smooth fill subgrade that is free of pockets, loose rocks, or other materials (i.e. sand, sifted dirt, bentonite, straw, etc.) that could damage the liner. After evaporation and when dry, the reserve pit liners will be cut off, ripped and/or folded back (as safety considerations allow) as near to the mud surface as possible and buried on location or hauled to a landfill prior to backfilling the pit with a minimum of five feet of soil material.

Where necessary and if conditions (freeboard, etc.) allow, produced liquids from newly completed wells may be temporarily disposed of into pits for a period not to exceed 90 days as per Onshore Order Number 7 (OSO 7). Subsequently, permanent approved produced water disposal methods will be employed in accordance with OSO 7 and/or as described in a Water Management Plan (WMP). Otherwise, fluids disposal locations and associated haul routes, for ROW consideration, are typically depicted on Topo A of individual projects. Revisions to the water source or method of transportation will be subject to written approval from the BLM.

Any additional pits necessary for subsequent operations, such as temporary flare or workover pits, will be contained within the originally approved well pad and disturbance boundaries. Such temporary pits will be backfilled and reclaimed within 180 days of completion of work at a well location.

Pits containing drilling cuttings, mud, and/or completions fluids will be allowed to dry. Any free fluids remaining after one year from reaching total depth, date of completion, and/or determination of inactivity will be removed (as weather conditions allow) to an approved site and the pit reclaimed. Installation and operation of any sprinklers, pumps, and equipment will ensure that water spray or mist does not drift.

No garbage or non-exempt substances as defined by Resource Conservation and Recovery Act (RCRA) subtitle C will be placed in the reserve pit. All refuse (trash and other solid waste including cans, paper, cable, etc.) generated during construction, drilling, completion, and well testing activities will be contained in an enclosed receptacle, removed from the drill locations promptly, and transported to an approved disposal facility. Immediately after removal of the drilling rig, all debris and other waste materials not contained within trash receptacles will be collected and removed from the well location.

For the protection of livestock and wildlife, all open pits (excluding flare pits) will be fenced to prevent wildlife or livestock entry. Total height of pit fencing will be at least 42 inches and corner posts will be cemented and/or braced in such a manner as to keep the fence tight at all times. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet. Siphons, catchments, and absorbent pads will be installed to keep hydrocarbons produced by the drilling rig or other equipment on location from entering the reserve pit. Hydrocarbons, contaminated pads, and/or soils will be disposed of in accordance with state and federal requirements.

Portable, self-contained chemical toilets and/or sewage processing facilities will be provided for human waste disposal. Upon completion of operations, or as required, the toilet holding tanks will be pumped and the contents disposed of in an approved sewage disposal facility. All applicable regulations pertaining to disposal of human and solid waste will be observed.

Materials Management

Hazardous materials above reportable quantities will not be produced by drilling or completing proposed wells or constructing the pipelines/facilities. The term "hazardous materials" as used here means: (1) any substance, pollutant, or containment listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended 42 U.S.C. 9601 et seq., and the regulations issued under CERCLA; and (2) any hazardous waste as defined in RCRA of 1976, as amended. In addition, no extremely hazardous substance, as defined in 40 CFR 355, in threshold planning quantities, would be used, produced, stored, transported, or disposed of while producing any well.

Hazardous materials may be contained in some grease or lubricants, solvents, acids, paint, and herbicides, among others as defined above. Kerr-McGee maintains a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances that are used during the course of construction, drilling, completion, and production operations for this project. The transport, use, storage and handling of hazardous materials will follow procedures specified by federal and state regulations. Transportation of hazardous materials to the well location is regulated by the Department of Transportation (DOT) under 49 CFR, Parts 171-180. DOT regulations pertain to the packing, container handling, labeling, vehicle placarding, and other safety aspects.

Potentially hazardous materials used in the development or operation of wells will be kept in limited quantities on well sites and at the production facilities for short periods of time. Chemicals meeting the criteria for being an acutely hazardous material/substance or meet the quantities criteria per BLM Instruction Memorandum No. 93-344 will not be used.

Chemicals subject to reporting under Title III of the Superfund Amendments and Reauthorization Act (SARA) in quantities of 10,000 pounds or more may be produced and/or stored at production facilities (crude oil/condensate, produced water). They may also be kept in limited quantities on drilling sites (barite, diesel fuel, cement, cottonseed hulls etc.) for short periods of time during drilling or completion activities.

Fluids disposal and pipeline/haul routes are depicted on Topo Map A.

Any produced water separated from recoverable condensate from the proposed well will be contained in a water tank and will then be transported by pipeline and/or truck to one of the pre-approved disposal sites:

RNI in Sec. 5 T9S R22E
NBU #159 in Sec. 35 T9S R21E
Ace Oilfield in Sec. 2 T6S R20E
MC&MC in Sec. 12 T6S R19E
Pipeline Facility in Sec. 36 T9S R20E
Goat Pasture Evaporation Pond in SW/4 Sec. 16 T10S R22E
Bonanza Evaporation Pond in Sec. 2 T10S R23E

Or to one of the following Kerr-McGee active Salt Water Disposal (SWD) wells:

NBU 159 SWD in Sec. 35 T9S R21E
CIGE 112D SWD in Sec. 19 T9S R21E
CIGE 114 SWD in Sec. 34 T9S R21E
NBU 921-34K SWD in Sec. 34 T9S R21E
NBU 921-33F SWD in Sec. 34 T9S R21E

H. Ancillary Facilities:

ancillary facilities are

I. Well Site Layout:

The location, orientation and aerial extent of each drill pad, reserve/completion/flare pit (for closed loop or non-closed loop operations), access road ingress/egress points, drilling rig, dikes/ditches, existing wells/infrastructure, proposed cuts and fills, and topsoil and spoil material stockpile locations are depicted on the exhibits for each project, where applicable. Site-specific conditions may require slight deviation in actual equipment depending on whether a closed loop system is used. Surface distance may be less if using closed loop. But in either case, the area of disturbance will not exceed the maximum disturbance outlined in the attached exhibits.

For the protection of livestock and wildlife, all open pits and cellars will be fenced to prevent wildlife or livestock entry. Total height of pit fencing will be at least 42 inches and corner posts will be cemented and/or braced in such a manner as to keep the fence tight at all times. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

Each well will utilize either a centralized tank battery, centralized fluids management system, or have tanks installed on its pad. Production/ Produced Liquid tanks will be constructed, maintained, and operated to prevent unauthorized surface or subsurface discharges of liquids and to prevent livestock or wildlife entry. The tanks will be kept reasonably free from surface accumulations of liquid hydrocarbons. The tanks are not to be used for disposal of liquids from additional sources without prior approval of BLM.

J. Plans for Surface Reclamation:

The surface reclamation will be undertaken in two phases: interim and final. Interim reclamation is conducted following well completion and extends through the period of production. Interim reclamation is for the area of the well pad that is not required for production activities. Final reclamation is conducted following well plugging/conversion and/or facility abandonment processes.

Reclamation activities in both phases may include but is not limited to the re-contouring or re-configuration of topographic surfaces, restoration of drainage systems, segregation of spoils materials, minimizing surface disturbance, re-evaluating backfill requirements, pit closure, topsoil redistribution, soil treatments, seeding and weed control.

Interim Reclamation

Interim reclamation may include pit evaporation, fluid removal, pit solidification, re-contouring, ripping, spreading top soil, seeding, and/or weed control. Interim reclamation will be performed in accordance with OSO 1, or written notification will be provided to the BLM for approval. Where feasible, drilling locations, reserve pits, or access routes not utilized for production operations will be re-contoured to a natural appearance.

Interim re-contouring involves bringing all construction material from cuts and fills back onto the well pad and site and reestablishing the natural contours where desirable and practical. Fill and stockpiled spoils no longer necessary to the operation will be spread on the cut slopes and covered with stockpiled topsoil. All stockpiled top soils will be used for interim reclamation where practical to maintain soil viability. Where possible, the land surface will be left "rough" after re-contouring to ensure that the maximum surface area will be available to support the reestablishment of vegetative cover.

A reserve pit, upon being allowed to dry, will be backfilled and compacted with cover materials that are void of any topsoil, vegetation, large stones, rocks or foreign objects. Soils that are moisture laden, saturated, or partially/completely frozen will not be used for backfill or cover. The pit area will be mounded to allow for settling and to promote positive surface drainage away from the pit. Disposal of pit fluids and linings is discussed in Section G.

Final Reclamation

Final reclamation will be performed for unproductive wells and after the end of the life of a productive well. As soon as practical after the conclusion of drilling and testing operations, unproductive drill holes will be plugged and abandoned (P&A). Site and road reclamation will commence following plugging. In no case will reclamation at non-producing locations be initiated later than six (6) months from the date a well is plugged. A joint inspection of the disturbed area to be reclaimed may be requested by Kerr-McGee. The primary purpose of this inspection will be to review the existing conditions, or agree upon a revised final reclamation and abandonment plan. The BLM will be notified prior to commencement of reclamation operations. A Notice of Intent to Abandon will be filed for final recommendations regarding surface reclamation.

After plugging, all wellhead equipment that is no longer needed will be removed, and the well site will be reclaimed. Final contouring will blend with and follow as closely as practical the natural terrain and contours of the original site and surrounding areas. After re-contouring the site to the approximate contour that existed prior to pad construction, final grading will be conducted over the entire surface of the well site and access road. The area will be ripped to a depth of 18 to 24 inches on 18 to 24-inch centers, where practical. The surface soil material will be pitted with small depressions to form longitudinal depressions 12 to 18 inches deep, where practical. The entire area will be uniformly covered with the depressions constructed perpendicular to the natural flow of water.

Reclamation of roads will be performed at the discretion of the BLM. All unnecessary surface equipment and structures (e.g. cattle guards) and water control structures (e.g. culverts, drainage pipes) not needed to facilitate successful reclamation will be removed during final reclamation. Roads that will be reclaimed will be ripped to a depth of 18 inches where practical, re-contoured to approximate the original contour of the ground and seeded in accordance with the seeding specifications of the BLM.

Upon successfully completing reclamation of a P&A location, a Final Abandonment Notice will be submitted to the BLM.

Measures Common to Interim and Final Reclamation

Soil preparation will be conducted using a disk for areas in need of more soil preparation following site preparation. This will provide primary soil tillage to a depth no greater than 6 inches. Prior to reseeding, compacted areas will be scarified by ripping or chiseling to loosen compacted soils, promote water infiltration, and improve soil aeration and root penetration.

Seeding will occur year-round as conditions allow and will typically be accomplished through the use of a no-till rangeland style seed drill with a “picker box” in order to seed “fluffy” seed. Where drill seeding is not the preferred method, seed will be broadcast and then raked into the ground at double the rate of drill seeding. Seed mixes appropriate to the native plant community as determined and specified for each project location based on the site specific soils will be used for re-vegetation. The seed mixes will be selected from a list provided by or approved by the BLM, or a specific seed mix will be proposed by Kerr-McGee to the BLM and used after its approval. The selected specific seed mix for each well location and road segment will be utilized while performing interim and final reclamation for each project. All seed will be certified and tags will be maintained by Kerr-McGee. Every effort will be made to obtain “cheat grass free seed”.

Seed Mix to be used for Well Site, Access Road, and Pipeline (as applicable):

| Bonanza Area Mix | Pure Live Seed lbs/acre |
|--------------------------|--------------------------------|
| Crested Wheat (Hycrest) | 2 |
| Bottlebrush Squirreltail | 1 |
| Western Wheatgrass | 1 |
| Indian Ricegrass | 1 |
| Fourwing Saltbush | 2 |
| Shadscale | 2 |
| Forage Kochia | 0.25 |
| Rocky Mountain Bee | 0.5 |
| Total | 9.75 |

Additional soil amendments and/or stabilization may be required on sites with poor soils and/or excessive erosion potential. Where severe erosion can become a problem and/or the use of machinery is not practical, seed will be hand broadcast and raked with twice the specified amount of seed. Slopes will be stabilized using materials specifically designed to prevent erosion on steep slopes and hold seed in place so vegetation can become permanently established. These materials will include, but are not limited to: erosion control blankets, hydro-mulch, and/or bonded fiber matrix at a rate to achieve a minimum of 80 percent soil coverage. Soil amendments such as “Sustain” (an organic fertilizer that will be applied at the rate 1,800 – 2,100 lbs/acre with seed) may also be dry broadcast or applied with hydro-seeding equipment.

Weed Control

All weed management will be done in accordance with the Vernal BLM Surface Disturbance Weed Policy. Noxious weeds will be controlled, as applicable, on project areas. Monitoring and management of noxious and/or invasive weeds of concern will be completed annually until the project is deemed successfully reclaimed by the surface management agency and/or owner according to the Anadarko Integrated Weed Management Plan. Noxious weed infestations will be mapped using a GPS unit and submitted to the BLM with information required in the Vernal BLM Surface Disturbance Weed Policy. If herbicide is to be applied it will be done according to an approved Pesticide Use Permit (PUP), inclusive of applicable locations. All pesticide applications will be recorded using a Pesticide Application Record (PAR) and will be submitted along with a Pesticide Use Report (PUR) annually prior to Dec. 31.

Monitoring

Monitoring of reclaimed project areas will be completed annually during the growing season and actions to ensure reclamation success will be taken as needed. During the first two growing seasons an ocular methodology will be used to determine the success of the reclamation activities. During the 3rd growing season a 200 point line intercept (quantitative) methodology will be used to obtain basal cover. The goal is to have the reclaimed area reach 30% basal cover when compared to the reference site. If after three growing seasons the area has not reached 30% basal cover, additional reclamation activities may be necessary. Monitoring will continue until the reclaimed area reaches 75% basal cover of desirable vegetation when compared to the reference site. (Green River District Reclamation Guidelines)

All monitoring reports will be submitted electronically to the Vernal BLM in the form of a geo-database no later than March 1st of the calendar year following the data collection.

K. Surface/Mineral Ownership:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435)781-4400

L. Other Information:**Onsite Specifics:**

- Re-shape excess stockpile out from corners 5 & 7 such that it follows near contour & eliminates ponding.
- 6" Topsoil

Cultural and Paleontological Resources

All personnel are strictly prohibited from collecting artifacts, any paleontological specimens or fossils, and from disturbing any significant cultural resources in the area. If artifacts, fossils, or any culturally sensitive materials are exposed or identified in the area of construction, all construction operations that would affect the newly discovered resource will cease, and Kerr-McGee will provide immediate notification to the BLM.

Resource Reports:

A Class I literature survey was completed on January 25, 2012 by Montgomery Archaeological Consultants, Inc (MOAC). For additional details please refer to report MOAC 11-371.

A paleontological reconnaissance survey was completed in November, 2011 by SWCA Environmental Consultants. For additional details please refer to report UT11-14314-197, report UT11-14314-198 and report UT12-14314-16.

Biological field survey was completed in November, 2011 by Grasslands Consulting, Inc (GCI). For additional details please refer to report GCI-676 and report GCI-675.

Proposed Action Annual Emissions Tables:

| Table 1: Proposed Action Annual Emissions (tons/year)¹ | | | |
|--|--------------------|-------------------|--------------|
| Pollutant | Development | Production | Total |
| NO _x | 3.8 | 0.12 | 3.92 |
| CO | 2.2 | 0.11 | 2.31 |
| VOC | 0.1 | 10.94 | 11.04 |
| SO ₂ | 0.005 | 0.00 | 0.01 |
| PM ₁₀ | 1.7 | 0.11 | 1.81 |
| PM _{2.5} | 0.4 | 0.03 | 0.43 |
| Benzene | 2.2E-03 | 0.08 | 0.09 |
| Toluene | 1.6E-03 | 0.13 | 0.14 |
| Ethylbenzene | 3.4E-04 | 0.00 | 0.00 |
| Xylene | 1.1E-03 | 0.06 | 0.06 |
| n-Hexane | 1.7E-04 | 0.34 | 0.34 |
| Formaldehyde | 1.3E-02 | 8.64E-05 | 1.31E-02 |

¹ Emissions include 1 producing well and associated operations traffic during the year in which the project is developed

| Table 2: Proposed Action versus 2012 WRAP Phase III Emissions Inventory Comparison | | | |
|---|--|---|--|
| Species | Proposed Action Production Emissions (ton/yr) | WRAP Phase III 2012 Uintah Basin Emission Inventory^a (ton/yr) | Percentage of Proposed Action to WRAP Phase III |
| NO _x | 15.68 | 16,547 | 0.09% |
| VOC | 44.17156 | 127,495 | 0.03% |

^a http://www.wrapair.org/forums/ogwg/PhaseIII_Inventory.html

Uintah Basin Data

M. Lessee's or Operators' Representative & Certification:

Danielle Piernot
Regulatory Analyst II
Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
Denver, CO 80217-3779
(720) 929-6156

Tommy Thompson
General Manager, Drilling
Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
Denver, CO 80217-3779
(720) 929-6724


Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Bureau of Land Management Nationwide Bond WYB000291.

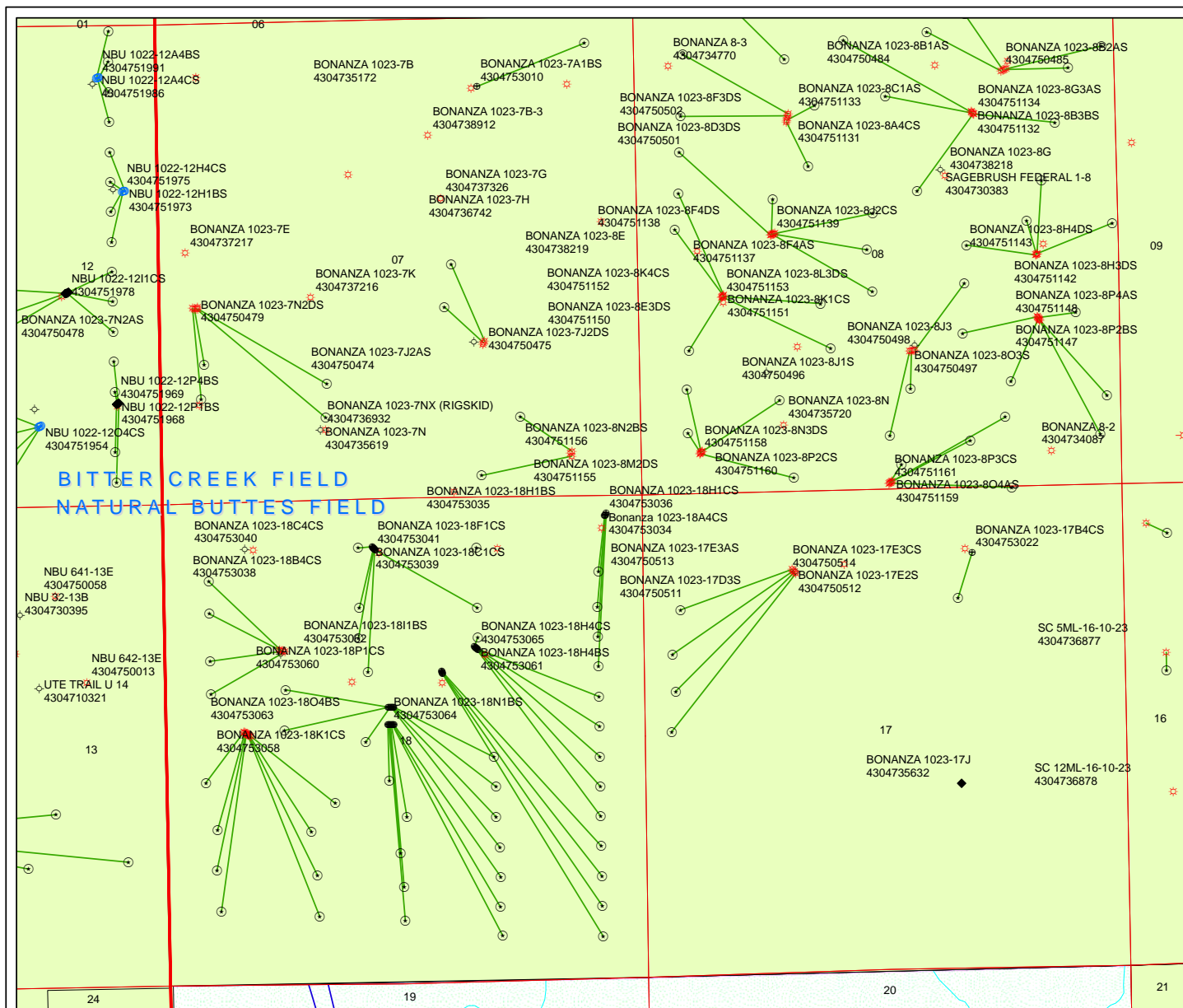
I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that I have full knowledge of the State and Federal laws applicable to this operation; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.



Danielle Piernot

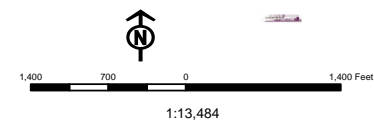
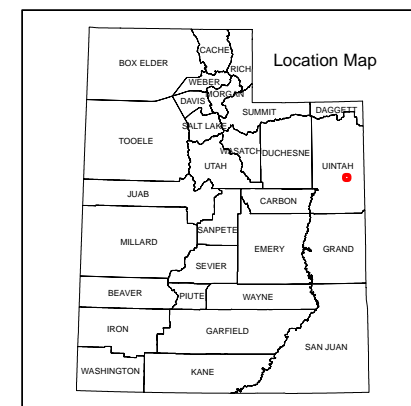
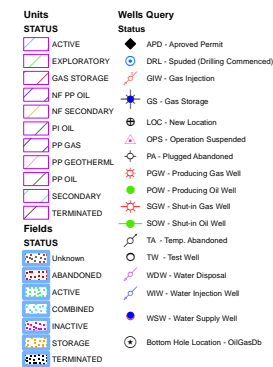
April 16, 2012

Date



API Number: 4304753035
Well Name: BONANZA 1023-18H1BS
Township T10.0S Range R23.0E Section 18
Meridian: SLBM
Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:
Map Produced by Diana Mason



WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 8/27/2012

API NO. ASSIGNED: 43047530350000

WELL NAME: BONANZA 1023-18H1BS

OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. (N2995)

PHONE NUMBER: 720 929-6156

CONTACT: Danielle Piernot

PROPOSED LOCATION: NENE 18 100S 230E

Permit Tech Review: ☒

SURFACE: 0133 FNL 0390 FEL

Engineering Review: ☒

BOTTOM: 1480 FNL 0495 FEL

Geology Review: ☒

COUNTY: UINTAH

LATITUDE: 39.95565

LONGITUDE: -109.36154

UTM SURF EASTINGS: 639952.00

NORTHINGS: 4424120.00

FIELD NAME: NATURAL BUTTES

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU38421

PROPOSED PRODUCING FORMATION(S): WASATCH-MESA VERDE

SURFACE OWNER: 1 - Federal

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

☒ PLAT☒ Bond: FEDERAL - WYB000291☐ Potash☐ Oil Shale 190-5☐ Oil Shale 190-3☐ Oil Shale 190-13☒ Water Permit: 43-8496☐ RDCC Review:☐ Fee Surface Agreement☒ Intent to Commingle

Commingle Approved

LOCATION AND SITING:

☐ R649-2-3.

Unit: PONDEROSA

☐ R649-3-2. General☐ R649-3-3. Exception☒ Drilling Unit

Board Cause No: Cause 179-17

Effective Date: 5/9/2012

Siting: Suspends General Siting

☒ R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations: 3 - Commingle - ddoucet
4 - Federal Approval - dmason
15 - Directional - dmason

RECEIVED: September 18, 2012



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: BONANZA 1023-18H1BS

API Well Number: 43047530350000

Lease Number: UTU38421

Surface Owner: FEDERAL

Approval Date: 9/18/2012

Issued to:

KERR-MCGEE OIL & GAS ONSHORE, L.P., P.O. Box 173779, Denver, CO 80217

Authority:

Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 179-17. The expected producing formation or pool is the WASATCH-MESA VERDE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

Commingle:

In accordance with Board Cause No. 179-17, commingling of the production from the Wasatch formation and the Mesaverde formation in this well is allowed.

General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:

State approval of this well does not supercede the required federal approval, which must be obtained prior to drilling.

In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

Notification Requirements:

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels at 801-538-5284

(please leave a voicemail message if not available)

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website

at <http://oilgas.ogm.utah.gov>

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) - due prior to implementation
- Written Notice of Emergency Changes (Form 9) - due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

Approved By:

A handwritten signature in black ink, appearing to read "John Rogers", written over a horizontal line.

For John Rogers
Associate Director, Oil & Gas

RECEIVED

Form 3160-3
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 01 2012

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

BLM, Vernal Utah

| | | |
|---|---|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. UTU38421 ✓ |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator KERR MCGEE OIL&GAS ONSHORE, L.P. Contact: DANIELLE PIERNOT Email: Danielle.Piernot@anadarko.com | | 7. If Unit or CA Agreement, Name and No. UTU-88209A |
| 3a. Address PO BOX 173779 DENVER, CO 80202-3779 | 3b. Phone No. (include area code) Ph: 720-929-6156 Fx: 720-929-7156 | 8. Lease Name and Well No. BONANZA 1023-18H1BS |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE 133FNL 390FEL 39.955849 N Lat, 109.361493 W Lon ✓ At proposed prod. zone SENE 1480FNL 495FEL 39.952154 N Lat, 109.361887 W Lon ✓ | | 9. API Well No. 43 047 53035 ✓ |
| 14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 49 MILES SOUTH OF VERNAL, UT | | 10. Field and Pool, or Exploratory BONANZA |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 495' | 16. No. of Acres in Lease 637.00 | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 18 T10S R23E Mer SLB |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 841' | 19. Proposed Depth 8480 MD 8234 TVD | 12. County or Parish UINTAH COUNTY |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 5342 GL | 22. Approximate date work will start 07/30/2012 | 13. State UT |
| 23. Estimated duration 60-90 DAYS | | 17. Spacing Unit dedicated to this well |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | |
|---|---|---------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) DANIELLE PIERNOT Ph: 720-929-6156 | Date 04/16/2012 |
| Title REGULATORY ANALYST II | | |
| Approved by (Signature) | Name (Printed/Typed) Jerry Kenczka | Date NOV 13 2012 |
| Title Assistant Field Manager Lands & Mineral Resources | Office VERNAL FIELD OFFICE | |

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

Electronic Submission #135400 verified by the BLM Well Information System
For KERR MCGEE OIL&GAS ONSHORE, L.P. Vernal

RECEIVED

JAN 07 2013

DIV. OF OIL, GAS & MINING

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

12SX50121AC NOS- 12/1/11

NOTICE OF APPROVAL



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE
170 South 500 East VERNAL, UT 84078 (435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Kerr-McGee Oil & Gas Onshore, LP Location: NENE, Sec. 18, T10S, R23E
Well No: Bonanza 1022-18H1BS Lease No: UTU-38421
API No: 43-047-53035 Agreement: Ponderosa Unit

OFFICE NUMBER: (435) 781-4400

OFFICE FAX NUMBER: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

| | |
|---|---|
| Location Construction (Notify Environmental Scientist) | - Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion (Notify Environmental Scientist) | - Prior to moving on the drilling rig. |
| Spud Notice (Notify Petroleum Engineer) | - Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing (Notify Supv. Petroleum Tech.) | - Twenty-Four (24) hours prior to running casing and cementing all casing strings to: blm ut vn opreport@blm.gov |
| BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.) | - Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice (Notify Petroleum Engineer) | - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO_x per horsepower-hour.
- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.
- The following would be used as standard operating procedures: Green completion or controlled VOC emissions methods with 90% efficiency for Oil or Gas Atmospheric Storage Tanks, VOC Venting controls or flaring, Glycol Dehydration and Amine Unites, Well Completion, Re-Completion, Venting, and Planned Blowdown Emissions.
- All reclamation will comply with the Green River Reclamation Guidelines
- All vehicles and equipment shall be cleaned either through power-washing, or other approved method, if the vehicles or equipment were previously operated outside the Uinta Basin, to prevent weed seed introduction.
- All disturbance areas shall be monitored for noxious weeds annually, for a minimum of three growing seasons following completion of project or until desirable vegetation is established
- Noxious and invasive weeds will be controlled throughout the area of project disturbance.
- Noxious weeds will be inventoried and reported to BLM in the annual reclamation report. Where an integrated pest management program is applicable, coordination has been undertaken with the state and local management program (if existing). A copy of the pest management plan will be submitted for each project.
- A pesticide use permit (PUP) will be obtained for the project, if applicable.
- The best method to avoid entrainment is to pump from an off-channel location – one that does not connect to the river during high spring flows. An infiltration gallery constructed in a BLM and Service approved location is best.
- If the pump head is located in the river channel where larval fish are known to occur, the following measures apply:
 - a. do not situate the pump in a low-flow or no-flow area as these habitats tend to concentrate larval fishes;
 - b. limit the amount of pumping, to the greatest extent possible, during that period of the year when larval fish may be present (April 1 to August 31); and

- c. limit the amount of pumping, to the greatest extent possible, during the pre-dawn hours as larval drift studies indicate that this is a period of greatest daily activity.
- Screen all pump intakes with 3/32" mesh material.
 - Approach velocities for intake structures will follow the National Marine Fisheries Service's document "Fish Screening Criteria for Anadromous Salmonids". For projects with an in-stream intake that operate in stream reaches where larval fish may be present, the approach velocity will not exceed 0.33 feet per second (ft/s).
 - Report any fish impinged on the intake screen to the Service (801.975.3330) and the Utah Division of Wildlife Resources:

Northeastern Region
318 N Vernal Ave, Vernal, UT 84078
Phone: (435) 781-9453
 - On BLM administered land, KMG will adhere to seasonal and spatial buffers applicable to occupied raptor nests in the GNBPA in consideration of the Raptor BMPs from Appendix A of the Vernal RMP. No construction or drilling activities for the Bonanza 1023-8P, Bonanza 1023-17B, and Bonanza 1023-17G pads from January 1st through August 31st to minimize impacts during golden eagle nesting.
 - Damage to livestock and livestock facilities will be reported as quickly as possible to the BLM and affected livestock operators. Operators will develop and employ prevention measures to avoid damaging fences, gates, and cattle guards, including upgrading cattle guard gate widths and load-bearing requirements and fencing all open pits and cellars.
 - If partial or complete removal of a fence cannot be avoided, the fence will be braced and tied off per the BLM guidance. Where the fence is crossed by a road, the fence will be braced and a cattle guard and gate installed per BLM guidance.

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

Site Specific Drilling Plan COA's:

- Gamma Ray Log shall be run from Total Depth to Surface.
- CBL will be run from TD to TOC.
- Cement for the surface casing will be circulated to the surface.

Variances Granted

- All variances approved as written in APD.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**

- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to BLM_UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- For information regarding production reporting, contact the Office of Natural Resources Revenue (ONRR) at www.ONRR.gov.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs,

core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

| | | |
|--|---|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | | FORM 9 |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU38421 |
| 1. TYPE OF WELL Gas Well | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. | | 7. UNIT or CA AGREEMENT NAME: PONDEROSA |
| 3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 | | 8. WELL NAME and NUMBER: BONANZA 1023-18H1BS |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0133 FNL 0390 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENE Section: 18 Township: 10.0S Range: 23.0E Meridian: S | | 9. API NUMBER: 43047530350000 |
| 5. FIELD and POOL or WILDCAT: NATURAL BUTTES | | 9. FIELD and POOL or WILDCAT: NATURAL BUTTES |
| COUNTY: UINTAH | | STATE: UTAH |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | |
| TYPE OF SUBMISSION | TYPE OF ACTION | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/18/2013 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date: | <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/> </div> </div> | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you | | |
| NAME (PLEASE PRINT) Teena Paulo | | PHONE NUMBER 720 929-6236 |
| SIGNATURE N/A | | TITLE Staff Regulatory Specialist |
| DATE 9/4/2013 | | APPROVED BY: <div style="text-align: center;"> Approved by the Utah Division of Oil, Gas and Mining Date: September 12, 2013 By: </div> |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047530350000

API: 43047530350000

Well Name: BONANZA 1023-18H1BS

Location: 0133 FNL 0390 FEL QTR NENE SEC 18 TWNP 100S RNG 230E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 9/18/2012

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☒ Yes ☐ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: Teena Paulo

Date: 9/4/2013

Title: Staff Regulatory Specialist **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

| | | |
|---|---|--|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | | FORM 9 |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU38421 |
| 1. TYPE OF WELL Gas Well | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. | | 7. UNIT or CA AGREEMENT NAME: PONDEROSA |
| 3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 | | 8. WELL NAME and NUMBER: BONANZA 1023-18H1BS |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0133 FNL 0390 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENE Section: 18 Township: 10.0S Range: 23.0E Meridian: S | | 9. API NUMBER: 43047530350000 |
| PHONE NUMBER: 720 929-6111 | | 9. FIELD and POOL or WILDCAT: NATURAL BUTTES |
| COUNTY: UINTAH | | STATE: UTAH |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | |
| TYPE OF SUBMISSION | TYPE OF ACTION | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/18/2014 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date: | <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/> </div> </div> | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you. | | |
| <div style="text-align: center;"> Approved by the August 11, 2014 Oil, Gas and Mining </div> <div style="margin-top: 10px;"> Date: _____ By: </div> | | |
| NAME (PLEASE PRINT) Teena Paulo | PHONE NUMBER 720 929-6236 | TITLE Staff Regulatory Specialist |
| SIGNATURE N/A | DATE 8/7/2014 | |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047530350000

API: 43047530350000

Well Name: BONANZA 1023-18H1BS

Location: 0133 FNL 0390 FEL QTR NENE SEC 18 TWNP 100S RNG 230E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 9/18/2012

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☒ Yes ☐ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: Teena Paulo

Date: 8/7/2014

Title: Staff Regulatory Specialist **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OCT 01 2014

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

BLM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

| | | |
|--|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. UTU38421 |
| 2. Name of Operator KERR MCGEE OIL&GAS ONSHORE, LP Contact: KAY E. KELLY Email: kay.kelly@anadarko.com | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address P. O. BOX 173779 1099 18TH STREET, SUITE 1800 DENVER, CO 80217-3779 | 3b. Phone No. (include area code) Ph: 720-929-6582 | 7. If Unit or CA/Agreement, Name and/or No. UTU88209A |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 18 T10S R23E Mer UBM NENE 133FNL 390FEL | | 8. Well Name and No. BONANZA 1023-18H1BS |
| | | 9. API Well No. 43-047-53035 |
| | | 10. Field and Pool, or Exploratory NATURAL BUTTES |
| | | 11. County or Parish, and State UINTAH COUNTY, UT |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change to Original A PD |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Kerr-McGee Oil & Gas Onshore, L. P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments.
Thank you.

APD-11/13/12

NEPA-FA-2012-251

FONS-11/9/12

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

NOV 06 2014

DIV. OF OIL, GAS & MINING

VERNAL FIELD OFFICE

ENG. RRH 10/29/14

GEOL. _____

E.S. _____

PET. _____

RECL. _____

| | |
|---|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #267493 verified by the BLM Well Information System For KERR MCGEE OIL&GAS ONSHORE, LP, sent to the Vernal Committed to AFMSS for processing by JOHNETTA MAGEE on 10/03/2014 () | |
| Name (Printed/Typed) KAY E. KELLY | Title SR. STAFF REG. SPECIALIST |
| Signature (Electronic Submission) | Date 10/01/2014 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--|-------------|
| Approved By <u>[Signature]</u> | Title Assistant Field Manager Lands & Mineral Resources | OCT 29 2014 |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | Office |

VERNAL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

UDOGM

CONDITIONS OF APPROVAL

Kerr McGee Oil and Gas Onshore LP.

Notice of Intent APD Extension

Lease: UTU-38421
Well: BONANZA 1023-18H1BS
Location: NENE Sec 18-T10S-R23E

An extension for the referenced APD is granted with the following conditions:

1. The extension and APD shall expire on 11/13/2016.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Robin L Hansen of this office at (435) 781-2777

| | | |
|--|---|--|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | | FORM 9 |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU38421 |
| 1. TYPE OF WELL Gas Well | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. | | 7. UNIT or CA AGREEMENT NAME: PONDEROSA |
| 3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 | | 8. WELL NAME and NUMBER: BONANZA 1023-18H1BS |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0133 FNL 0390 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENE Section: 18 Township: 10.0S Range: 23.0E Meridian: S | | 9. API NUMBER: 43047530350000 |
| 10. FIELD and POOL or WILDCAT: NATURAL BUTTES | | 9. FIELD and POOL or WILDCAT: NATURAL BUTTES |
| COUNTY: UINTAH | | STATE: UTAH |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | |
| TYPE OF SUBMISSION | TYPE OF ACTION | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 8/19/2015 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date: | <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/> </div> </div> | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you. | | |
| <div style="color: red; font-weight: bold;"> Approved by the August 20, 2015 Oil, Gas and Mining </div> Date: _____ By: | | |
| NAME (PLEASE PRINT) Jennifer Thomas | | PHONE NUMBER 720 929-6808 |
| SIGNATURE N/A | | TITLE Regulatory Specialist |
| DATE 8/19/2015 | | |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047530350000

API: 43047530350000

Well Name: BONANZA 1023-18H1BS

Location: 0133 FNL 0390 FEL QTR NENE SEC 18 TWNP 100S RNG 230E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 9/18/2012

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☒ Yes ☐ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: Jennifer Thomas

Date: 8/19/2015

Title: Regulatory Specialist Representing: KERR-MCGEE OIL & GAS ONSHORE, L.P.

| | | |
|--|--|--|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | | FORM 9 |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU38421 |
| 1. TYPE OF WELL Gas Well | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. | | 7. UNIT or CA AGREEMENT NAME: PONDEROSA |
| 3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 | | 8. WELL NAME and NUMBER: BONANZA 1023-18H1BS |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0133 FNL 0390 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENE Section: 18 Township: 10.0S Range: 23.0E Meridian: S | | 9. API NUMBER: 43047530350000 |
| 10. FIELD and POOL or WILDCAT: NATURAL BUTTES | | 9. FIELD and POOL or WILDCAT: NATURAL BUTTES |
| COUNTY: UINTAH | | STATE: UTAH |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | |
| TYPE OF SUBMISSION | TYPE OF ACTION | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 8/31/2016 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date: | <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100%;" type="text"/> </div> </div> | |
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| <div style="color: red; font-weight: bold;"> Approved by the September 01, 2016 Oil, Gas and Mining </div> <div style="color: red; font-weight: bold;"> Date: _____ By: </div> | | |
| NAME (PLEASE PRINT) Joel Malefy | PHONE NUMBER 720 929-6828 | TITLE Regulatory Analyst |
| SIGNATURE N/A | DATE 8/31/2016 | |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047530350000

API: 43047530350000

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- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: Joel Malefyt

Date: 8/31/2016

Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.